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# ***JPRS Report***

# **Near East & South Asia**

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# Near East & South Asia

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**Turkish Professor: Soviets Partial Towards Armenia**

46050005a Istanbul MARMARA in Armenian 2 Mar 88 p 1

[Text] In an article in today's edition of TERCUMAN about the events in Gharabagh, Professor Fahir Armaoglu observes that the surge of nationalism among the various nationalities that make up the Soviet Union constitutes the most worrisome problem confronting the Soviet leaders. Professor Armaoglu also expresses the following views in his article:

Although the Armenian movement is truly nationalist in nature and is directed against the Azerbaijanis, the Soviets took a neutral stance, and the police simply maintained law and order during the demonstrations rather than stopping the demonstrators. In a sense, the Soviets stirred Armenian nationalism even though they knew that relations between the Armenians and the Azerbaijanis are not good. Antagonism exists against Turks and Islam, and the Gharabagh demonstrations have proven this disposition of Gorbachev's. While Gorbachev received two representatives from imperialist Armenia and tried to appease them, TASS labeled the Azerbaijanis demonstrating in Sumgait as "hooligans."

Professor Armaoglu then notes that the Soviets were not so broad-minded about the demonstrations in Estonia. Those demonstrations were directed against the Soviet Union and were consequently brutally suppressed.

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**New Organization, 'Armenian Patriotic Front', To Be Formed in Greece**

46050005b Istanbul JAMANAK in Armenian 2 Mar 88 p 1

[Text] Work is under way to unite the Armenian associations and organizations in Greece under a single roof.

According to information obtained from Athens by the Anatolia Agency, the said work, sponsored by an organization called "Armenian Popular Movement," is aimed at governing the Armenians in Greece from a single center.

The new organization which will be named "Armenian Patriotic Front" will pursue the futile dream of "liberating the Armenian homeland within Turkey's borders."

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## REGIONAL

### Budgets of GCC Countries Reviewed

44000058 Limassol MEMO in English  
3 Mar 88 pp 14-17

[Text] Saudi Arabia's budget for the 1988 fiscal year, which was announced late last December sets a pattern for the rest of the Gulf to the extent that it envisages reduced revenue and expenditure and a large deficit which will necessitate borrowing as well as dipping into the Kingdom's financial reserves. The Saudi government's brief and rather half hearted dabbling earlier this year with the idea of reintroducing the income tax on foreigners which was abrogated in 1975, as well as its equally brief attempt to introduce customs duties on a range of products also serve to illustrate the extent of the financial strain on Saudi finances, a strain which has its clear echoes in the other Gulf countries.

#### The Saudi budget

The SR 141.2 billion ([S] 37.65 billion) Saudi budget for fiscal year 1988 released on December 30 reflects a decisive change in the economic policy of the Saudi government. Budget allocations have been slashed downward by around 17 percent compared to the 1987 budget, to their lowest level in 11 years.

This represented a continuation of the policy initiated in recent years in response to the drop in oil revenues which now amount to only one fifth of their 1981 peak of around [S] 119 billion.

One genuinely novel element, however, is that for the first time in 25 years the Saudi government has broken the tradition and announced its intention to raise up to SR 30 billion ([S] 8 billion) through the issue of debt instruments, tapping the substantial domestic liquidity for financing the estimated SR 35.9 billion ([S] 9.57 billion) budget deficit.

The new budget has been evaluated based on predictions of a 6 percent increase in oil revenues and 25 percent growth in non-oil exports. In the light of prevailing oil market conditions, however, most observers believe that oil prices would probably fall further during 1988. Thus the budget deficit may turn out to be higher than expected.

During the past six years the Saudi government financed the budget shortfall by drawing on its foreign assets. But with these now estimated to have dwindled to only [S] 70 billion, compared to [S] 150 billion in 1981, and in view of the fact that another [S] 3 billion were estimated to have been lost during the stock market crash of last October, there appeared to be no alternative but to revert to credit. Nevertheless, Saudi officials are still planning to utilize close to SR 8 billion ([S] 2.13 billion) of the Kingdom's financial reserves in partially financing the budget deficit.

Apart from credit financing of the budget deficit the increase in custom duties to an average of 12 percent, a measure introduced recently, is also expected to help in boosting budget revenues, although this move was originally devised to assist domestic industries in competing with imported items.

#### Internal Economic Conditions

Through the new budget the Saudi government is believed to be aiming at maintaining the renewed growth trend witnessed in 1987. In a brief summary of Saudi economic performance last year, which was issued as an introduction to the new budget, there is reference to net economic growth, the first time in three years. This has been reflected in a 0.8 percent growth in the non-oil gross domestic product, at constant prices, which compares with drops of 5.7 percent in 1985 and 2.3 percent in 1986. Government officials have interpreted these economic figures as reflecting renewed positive trends in the Saudi economy.

Similarly, Saudi imports of goods and commodities of various types have for the first time in three years increased by close to 5 percent over their 1986 levels, to around SR 73 billion. Preliminary estimates suggest that Saudi exports also revealed a growth to SR 87 billion, a 16 percent rise over their levels in 1986.

The reported upturn in the Saudi economy during 1987 was primarily the outcome of the improvement in oil prices and the 25 percent growth in Saudi non-oil exports to SR 9.4 billion. It is due to these positive developments in both imports and exports that the Saudi balance of trade witnessed marked improvement, achieving a surplus of SR 14 billion compared to only SR 4 billion in 1986. However, the current account deficit remained at the high level of around [S] 5.2 billion.

Meanwhile, the cost of living dropped further during 1987, continuing a trend which has prevailed for several years and contributed to growth in the real value of incomes of Saudi citizens. Dropping by around 1.5 percent, however, the reduction in the cost of living remained below the 3.1 percent decline of 1986.

Despite the officially reported economic recovery during 1987, independent economic observers believe that 1988 could witness only slight growth of around 1.5 percent, that would result from a perk up in the Kingdom's agricultural, services and industrial establishments, especially those that have recently started to enjoy higher government protection. However, with oil prices expected to remain weak and the still strong appetite for imported goods and services, the current account deficit is expected to remain quite sizeable.

### **The Arab Economic Council Underlines Again the Need to Develop Exchange Relations**

The Arab Economic and Social Council which held its forty fourth session in Tunis last month adopted a series of important resolutions concerning such issues as the food security on both the national and regional level.

The Council also studied the development of exchange relations between Arab countries and the mechanism and means by which an agreement on the development of trade relations between Arab countries can be implemented on the basis of economic integration.

It called on Arab countries to announce within 3 months their executive measures aiming at liberating exchanges of agricultural and animal products and mineral and raw materials. It also called on the trade negotiations committee to prepare the preliminary list of industrial products to be liberated.

The Council attached great importance to the need of adopting sufficient measures to consolidate the occupied territories' economy. It finally decided to convene an extraordinary session during the first week of July to discuss the issue of national organizations and joint Arab action. It should be noted that 13 finance and economic ministers participate in the work of the Council.

### **Details of the New Budget**

The economic policy of the Saudi government has always stressed utilization of the Kingdom's oil revenues for achieving the targets of economic development, particularly relating to improvement of living standards of Saudi citizens, the execution of industrial and agricultural development projects and improvement in public services and utilities. This policy has proved to be highly effective, as Saudi Arabia witnessed the most remarkable economic growth trends in this century. Self-sufficiency was attained in several industrial commodities and even in a number of agricultural items. However, the dramatic drop in oil revenues during recent years has forced the Saudi government to tighten the belt, while continuing to cling to its previous targets and emphasizing on the objective of properly maintaining the modern public utilities that were constructed during the oil boom era.

The financial squeeze has alerted the Saudi government to the need for utilizing available financial resources, particularly those that the private sector accumulated during the oil boom era, in maintaining previous economic growth trends. Riyadh seeks to encourage the Saudi private sector to invest in local industrial and agricultural projects. Through this it aims, on the one hand, at limiting budget expenses involved in state support to these sectors and on the other hand at helping increase local industrial and agricultural output that would substitute for imported items and reduce the pressure on the trade balance.

The 1988-89 stage budget has been devised within the framework of these new economic schemes. Accordingly, unnecessary administrative expenses have been cut down to the minimum, while a reasonable increase in allocations for development projects was maintained which has been reflected in higher budget allocations for credit institutions. Parallel, to that the aim has been to increase budget revenues.

Very few sectors were exempted from cuts in budget allocations for 1988-89. Even allocations for defence and internal security were reduced by close to 16.4 percent compared to last year, despite the serious security situation in the Gulf. Prohibitive restrictions were especially imposed on the utilization of budget funds for purposes other than those determined in the budget. With the exception of a limited number of special cases government sectors were also prohibited from exceeding the expenditure ceiling set in the budget and from undertaking any projects that would involve higher financial requirements for future budgets. Moreover, promotions of civil servants and the recruitment of new employees were temporarily canceled.

The SR 141.2 billion, in total budget expenditures for 1988-89 represented a SR 28.8 billion drop compared to last year's budget allocations.

Allocations for public administration totalled SR 6.4 billion, down from SR 10.3 billion under the 1987 budget. A total of SR 6.13 billion have also been allocated for agriculture and social assistance funds. These, in addition to around SR 6.8 billion that would be available to these assistance funds from loan repayments, would be utilized for credit assistance to the various sectors. In fiscal year 1986, these assistance funds had extended a total of SR 6.15 billion in loans.

Budget expenditures also included a total of SR 9 billion in investment allocations earmarked for around 51 major projects for which tenders will be invited during the year. Moreover, the new budget allocates SR 51 billion for close to 2,707 ongoing contracts of various categories. Thus in total the new budget has allocated close to SR 60 billion for new and ongoing projects.

On the other hand, total revenues under the 1988-89 budget are estimated at around SR 105.3 billion, of which oil revenues are expected to constitute close to 65 percent, up from 55.6 percent in last year's budget. The second most important source of revenues are custom duties, that are expected to reach SR 6.5 billion or close to 6.17 percent of total revenues. Needless to say, the recently introduced increase in custom duties, averaging around 70 percent, is expected to raise revenues still further to around SR 8 billion. With the exception of food products and imports from other GCC member countries, import duties would on average be raised from 7 percent to 12 percent. However, duties on some industrial products and equipment that have locally

produced substitutes, have been raised from 10 percent to 20 percent. These include cement products, iron pipes and wires, metal products and soaps and detergents.

Revenues raised from the issue of debt instruments would among other things be utilized in financing development projects. Apart from that, this financing scheme, used for the first time since the sixties, is also designed to tap the substantial domestic saving and help Saudi citizens in channelling their savings towards the highly valued national development projects. Domestic liquidity is estimated at around SR 38.8 billion as cash in circulation, SR 47.6 billion as demand deposits and SR 74.36 billion as time and saving deposits and quasi monetary deposits.

The actual form that these debt instruments would take has not been specified yet. They may be offered only to banks or may be issued in small denominations suitable for private individual investors. Whether these bonds could be sold has not been determined yet. Furthermore, Saudi Arabia's financial market operates according to the laws of the Islamic Sharia which clearly forbid the giving and charging of interest. To by-pass this problem, observers believe that the Saudi government would offer the bonds on a discounted basis. This method has previously been used with the Bankers Secured Deposit Accounts (BSDAs) offered by the Saudi Arabian Monetary Agency (SAMA).

To the extent that the dramatic drop in oil prices of recent years has forced the Saudi government to control extravagant public expenditures and seriously utilize the massive financial wealth of the Saudis for the targets of economic development, it can be said that lower oil prices may have been, in a way, a blessing in disguise. The currently adopted more reasonable economic development schemes would no doubt help in sustaining healthier and more lasting economic growth trends.

#### **Bahrain**

Bahrain's 1988 budget, which was announced on January 26 nearly a month behind schedule, is minuscule by Saudi standards, and a budget statement by the Bahrain minister of finance and national economy highlighted basic differences in approach and priorities between the two countries. In a calculated bid to allay any fears on the part of the foreign community, the minister stressed that any attempt to impose an income tax on foreigners would be discriminatory and hence is rejected and that in any case the imposition of taxes on income and profits would be harmful to Bahrain's role as a financial and services centre in the region. The minister also pointed out that foreign workers contribute to Bahrain's economic and social development and hence are entitled to benefit from government subsidies on an equal footing with the nationals.

He went on to say that new positions would be created in the civil service and vacancies filled if the need arises during 1988 and that restrictions would never be placed on the transfer of funds by expatriates outside the country.

The 1988 budget projects total expenditure at BD 490 million (\$1.3 billion) of which BD 365 million will be in the nature of current expenditure while development expenditure will account for the remaining BD 125 million. Major current expenditure allocations include defense (BD 56.5 million), ministry of the interior (BD 55.3 million), education (BD 55.6 million), ministry of public works, water, and electricity (BD 45 million) and health (BD 33.5 million). Development expenditure will cover water and electricity projects (BD 43.2 million), roads and sewerage (BD 25.3 million) housing (BD 17.7 million) other public works projects (BD 20.9 million) and other projects including health and education and some work on the expansion of Bahrain's international airport.

Total revenue is forecast at BD 430 million, including BD 252 million, or 58.6 percent, in oil revenue, BD 132 million in income from public utility charges and BD 46 million in foreign loans and assistance. This leaves a deficit of BD 60 million, 12 percent of the total budget, which is expected to be covered by internal borrowing.

The 1988 budget will be a transitional one in that it has been decided to return to the two-year budget system from next year. According to the ministry of finance and national economy the preparation of the 1989-1990 budget has already started and total expenditure has been set provisionally at BD 1070 million. On an average annual basis this is 9 percent more than the 1988 budget, though the total may be revised downwards, according to government sources, if revenue prospects make such a revision necessary.

#### **The Kuwaiti Budget**

In Kuwait, the new budget will not be announced for some time yet since the 1988-89 financial year starts at the beginning of July, 1988. In the last two years, the Kuwaiti government has maintained expenditure at as high a level as possible in the face of declining oil revenue. The overriding aim was to enliven the domestic economy and to boost morale in the face of the growing threats from the Gulf war, and by all indications this policy has been quite successful so far.

In the 1986/87 financial year actual budgetary revenue amounted to KD 1.8 billion, around 6 percent below the original forecast, while actual expenditures totalled KD 2.8 billion, 1.8 percent below the budget target, thus leaving a deficit of nearly KD 1 billion.



This deficit, however, was more than covered by Kuwait's investment income for the year, traditionally not included under budgetary revenues, which means that Kuwait entered the 1987/88 financial year on a relatively healthy note.

Under the current budget, which ends on June 31, total revenue is forecast at around KD 1.98 billion (\$6.8 billion), 13 percent more than actual revenue in 1986/87 while expenditure is budgeted to rise by 13 percent above the 1986/87 actual total to KD 3.158 billion (\$11.4 billion). Accordingly, the budgeted deficit amounts to KD 1.178 billion not accounting again for investment income.

Despite the weakening of oil prices starting in the latter part of 1987, Kuwait's revenue prospects look good especially that the latest available data indicate that it exceeded its OPEC oil production quota by more than 30 percent in the second half of the year. Thus, when the final figures come in, the actual deficit for 1987/88 should not be much higher than originally forecast, and should be largely covered by investment income for the period even after accounting for the effects of the stock market crash of last October.

This in turn would set the stage for the 1988/89 budget which by present indications may be expected to follow the outlines of the current budget, with a deficit in the region of KD 1-1.2 billion. Three issues of government bonds and bills were floated quite successfully in 1987 with the express purposes of mopping up domestic liquidity to help finance the budget deficit and expand local investment outlets. And this approach may well be repeated in the next financial year.

#### U.A.E.

In the United Arab Emirates it was a touch and go question even by the early part of last December as to whether the long delayed budget for 1987 would be issued. And though the budget—which is supposed to cover the calendar year 1987—was finally approved by the UAE cabinet on 21 December, the long delay once again highlighted the crisis atmosphere that has accompanied the issuing of the federal budget in recent years largely because of disagreements over the required contributions of the different emirates, mainly Abu Dhabi and Dubai, to total federal revenue.

The importance of the 1987 budget, belated as it may be, is that it will be used as a guideline for federal expenditure in 1988 until such time as a budget for the new year is prepared and approved. Federal ministries will thus be allowed to allocate monthly expenditure in 1988 on the basis of one-twelfth of 1987 allocations. In 1987, as in previous years federal expenditures were made on the basis of one-twelfth of allocations under the 1986 budget which amounted to DH 14.03 billion against projected revenues of DH 12.84 billion thus leaving a deficit of around DH 1.19 billion.

The recently approved 1987 budget estimates total revenue at DH 11.07 billion (\$3.1 billion) which is 13.8 percent less than in the 1986 budget. Given the improvement in oil prices in 1987 relative to 1986 and the fact that the UAE (basically Abu Dhabi) exceeded its OPEC production quota by 21 percent in the first half of the year and by more than 80 percent in third quarter, according to recently available estimates, this essentially indicates lower contributions by Abu Dhabi and Dubai to the federal budget. In 1986, these two emirates accounted for 85 percent of total revenue under the budget.

In this respect it is also important to note that according to figures provided by the UAE central bank in June, 1987, actual revenue in 1986 amounted to DH 14.84 billion, or 15.6 percent more than the budget forecast. This meant that even though actual expenditure also exceeded the budgetary total by around 12 percent and stood at DH 15.74 billion, the actual deficit amounted to DH 899 million, nearly 24 percent less than original projected.

Total expenditure under the 1987 budget is set at DH 14.42 billion (\$3.9 billion), or DH 300 million more than in 1986 budget but around 8.4 percent less than actual expenditure in 1986. This leaves a relatively large deficit in 1986.

The budget allocates DH 420 million, or around 3 percent of total expenditure only, for development projects. This in turn is broken down into DH 227 million for public works projects carried out by the different ministries. The limited size of such expenditure is basically explained by the fact that the different emirates have tended to initiate their own development projects and to finance them from their separate budgets, which leaves little for the federal government especially that most of the federal infrastructural projects have now been completed.

As against this, and quite apart from ordinary current expenditure, defense spending has reportedly accounted for 50-55 percent of federal expenditure in the last few years with many purchases of military equipments being made by the different emirates and paid for at that level but then considered as part of their required contributions to the federal budget.

Revenue prospects for 1988 do not look that good and it is likely that when the UAE's 1988 budget finally comes out it would show either a cutback in expenditure below the 1987 level or a further rise in the budgetary deficit.

If Abu Dhabi sticks to its OPEC quota as it has repeatedly pledged since the last OPEC ministerial meeting and if the current softening of oil prices continues, as most analysts expect, a significant drop may be expected

in its oil revenue this year compared to the 1987 level. This in turn could result in a further cutback in the contribution of Abu Dhabi and possibly that of Dubai to the federal budget.

#### **Oman**

Oman's budget for 1988 which was announced early last January runs counter to the general trend in the Gulf in that it forecasts a decrease in the deficit, albeit by a marginal amount, compared with 1987. Total expenditure is set at RO 1.602 billion (\$655 million), RO 8 million less than in 1987, while total revenue is forecast to increase from around RO 1.34 billion under the 1987 budget to RO 1.35 billion in 1988. This implies a deficit at around RO 252 million in 1988 compared with RO 275 million in 1987, a drop of RO 23 million or 8.4 percent.

Revenue from oil and gas exports is forecast at RO 1.108 billion or around 82 percent of the total while other revenue is expected to include RO 39 million or around \$100 million in investment income.

On the expenditure side, spending on defense and national security accounts for the bulk of total allocations, around 33 percent, followed by spending on education (11 percent), housing (9.4 percent) and the energy and fuel sector (8.4 percent). Other allocations totalling around RO 270 million or 17 percent of the budget cover health services, transportation, agriculture, information and cultural and religious affairs.

The above allocations are for current expenditure. Capital expenditures in the various sectors are grouped together and amount to an additional RO 337 million or 21 percent of total expenditure.

This leaves Qatar where the budget for 1988-89 is under preparation and is expected to come out on time before the start of the next financial year next March. The budget for 1987-88 forecast a large deficit of QR 5.5 billion (\$1.5 billion) and while the actual deficit may turn out less than that it is safe to expect that the deficit in the new budget will be equally large.

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### **PALESTINIAN AFFAIRS**

#### **Jordan: Paper on Arab League Donations to West Bank**

JN111231 Amman SAWT AL-SH'AB in Arabic  
11 Apr 88 p 1

[Text] The QNA correspondent in Tunis has learned that the Arab League council recommended allocating \$128 million to support national institutions in the occupied Arab territories and to provide \$43 million in monthly installments to provide for the urgent needs of the Palestinian people.

#### **Palestinian Figures View Representation Issue**

44040185 London AL-DUSTUR in Arabic  
4 Apr 88 pp 20-21

[Text] Brussels—Only the uprising has enabled the Palestinian issue and its subsidiary issues, such as the Palestinian-Israeli dialogue, the international conference and the initiatives to settle the Arab-Zionist conflict, to top all the other hot issues. However, the subsidiary issues connected with the fundamental issue have evoked the extensive current debate on the various viewpoints, especially the Palestinian viewpoints. This interview, conducted by AL-DUSTUR in Belgium where the latest Palestinian-Israeli dialogue was held, offers the viewpoints of four Palestinian leaders from within the homeland, namely: Hanna Sinyurah, the manager of Jerusalem's AL-FAJR newspaper; 'Abd-al-Wahhab Darawishah, a former member of the Israeli Labor Party who resigned two months ago in protest of the Israeli policy of oppression; Muhammad Watad, a member of the Mapam Party; and Walid Sadiq, a former Israeli Knesset member and director of the International Middle East Peace Center.

#### **Hanna Sinyurah: I Said in Brussels What I had Told Shultz**

[Question] We asked Hanna Sinyurah about the motives behind his participation in the Palestinian-Israeli dialogue in Brussels and he responded:

[Sinyurah] In every meeting I attend, I want to express what is happening in the occupied territories and, simultaneously, express the Palestinian people's demands: Self-determination and attainment of the right to establish their state on their land. This is what I have said in Brussels and whenever I have had the opportunity to speak because the uprising has given the Palestinian action momentum and has revived the world public opinion's interest in the Palestinian issue. The uprising has enabled us, the Palestinians, to regain our self-confidence. The Palestinian is now capable of shouldering the responsibility independently and he wants liberation and wants his state on his land.

[Question] Is it true that you came here on the PLO's instructions and recommendation?

[Sinyurah] The PLO stops no Palestinian from talking about Palestinian circumstances and aspirations. In 1987, the PLO embraced the PNC resolutions which encourage dialogue and meetings founded on clear bases, namely mutual recognition of the right to exist.

[Question] Do you believe that such meetings and conferences can lead to recognition of the Palestinian people's right to self-determination or are they a propaganda attempt to remove the noose around Israel's neck?



[Sinyurah] There are numerous viewpoints. But the viewpoint I hold is this: On every occasion, the Palestinians must stress that they want peace and want to have their own state. At the same time, we must be careful not to contain the current situation, especially since there is an uprising that is providing a new boost and momentum. There exists now, especially within the country, an opportunity for dialogue with the Israelis themselves and for reminding them that if Israeli intransigence persists and if the Israeli government continues to refuse to embark on negotiations, then the current situation will persist. This is what we want world public opinion, especially Jewish public opinion abroad and not just the Israelis, to know.

[Question] As you are aware, the PLO totally rejects the Shultz plan whereas you have personally met with Shultz at his office to discuss his plan. Doesn't this reflect conflicting positions?

[Sinyurah] It is true that I met with Shultz on 27 January 1988, i.e. prior to the U.S. administration's initiative. I stressed two points: If a just peace is to be established in the area, it must be preceded by U.S. recognition of the Palestinian people's right to self-determination. The Palestinian people demand the convocation of an international conference in which the five permanent UN Security Council members and all the parties concerned, including the Palestinian people who are represented by the PLO, participate. This is what I told Shultz and this is what I have told the conference.

#### **'Abd-al-Wahhab Darawishah: We Have not Come Here as Palestinian People's Representatives**

'Abd-al-Wahhab Darawishah is a former member of the Israeli Labor Party who resigned from this party two months ago in protest of the policy of oppression practiced by the Israeli government and implemented under the supervision of Yitzhak Rabin, a leader of the Labor Party and the Zionist entity's minister of defense. Darawishah has formed a new party which he has named the Arab Democratic Party.

[Question] When AL-DUSTUR interviewed Darawishah, it asked him to explain the concept of the "Israeli Arabs." He responded:

[Darawishah] I say that we are Palestinian Arabs who live in Israel. We are an indivisible part of the Palestinian people and of the Arab nation whose grief and aspirations we share.

[Question] Do you think that your presence here is an alternative to the PLO and is there a solution without the PLO?

[Darawishah] I and the other Palestinian brothers have not come here as representatives of the Palestinian people because the Palestinian people have chosen their sole legitimate representative, the PLO. We recognize

the PLO as our people's sole legitimate representative and we ask all the international parties to recognize it as such. In my address to the conferees, I will focus on this point and I will censure the conference's organizer for failing to invite the PLO to attend this conference because there can be no peace without the Palestinians and there are no Palestinians without the PLO.

[Question] Don't you think that these dialogues have been dictated by the stone uprising which has tipped the Arab and international balances?

[Darawishah] I believe that these podiums provide the opportunity for the Palestinian voice—the voice of real, just and comprehensive peace—to be heard. In my opinion, the brother Arab Palestinians from both Israel and the occupied territories will speak truly and frankly of the tragedies being experienced by the Palestinian people in the occupied territories and of their belief in the need to establish a Palestinian state on Palestinian soil. Therefore, it is my opinion that these conferences provide a good opportunity for the Palestinian voice to be heard. The Palestinians must be given the opportunity to take part in every dialogue because their absence means absence of the Palestinian voice raised in support of the Palestinian right.

[Question] The so-called Shultz initiative coincides with the U.S. decision to close the PLO Office at the United Nations. Don't you think that the moves being currently made by Washington are tantamount to another U.S. act of evasion?

[Darawishah] This U.S. position is negative and Shultz' plan is rejected because it disregards the Palestinian people's sole legitimate representative on the one hand and because, on the other hand, it does not recognize the Palestinian people's rights, especially their right to self-determination and to establishing their state. There can be no talk of peace unless these two fundamental principles are recognized.

#### **Muhammad Watad: Freedom is not Replaced by Words or Speeches**

[Question] Can the Brussels meeting contribute to finding a solution for the Palestinian issue with the state of Israel? We addressed the question to Muhammad Watad, a member of the Israeli Mapam Party, who responded:

[Watad] If such conferences contributed to creating a just peace, the world would be dominated by peace. This conference is an additional opportunity to soften the atmosphere, to hold dialogue and to exchange ideas. We expect absolutely nothing more from it. If there are those who talk of peace, then they have to make peace with the Zionist Jewish state, regardless of our objections to Zionist thought and ideology. There are two possibilities: We either fight Israel forever because the overwhelming Israeli majority embraces Zionist principles, frameworks

and views, or we agree to peace with Israel in order to curb the ambition and greed of which the Zionist ideology consists. It seems that the Arab world as a whole, including the Arab Palestinian people, has chosen to contain the Zionist expansion by restricting it with a peace treaty. As for the occupied territories' uprising, it is stronger than to be ended by any conference anywhere in the world because our people in the occupied territories are struggling for their freedom. Freedom cannot be replaced by words or by resounding speeches. Freedom is the main tributary nurturing every individual's and every people's life. Unless the Arab Palestinian people attain their freedom, the uprising will persist in one form or another, it will be renewed and it will be stronger every time. It will turn the Palestinian issue into the ever-present topic of discussion among the civilized nations. To be brief, I will say that I am optimistic regarding the Arab Palestinian people's future. With our morale, we will be able to smash the Zionist machine, provided that we allow the Zionists a narrow corner in which they exercise their right to life. Else, our struggle will be very long and bitter. We live in the age of speed and we do not want our children and grandchildren to wait for hundreds of years before the Palestinians attain their rights. The solution is in having the Palestinians establish their independent state and exercise their rights like the world's other peoples, even if they lose a part of the homeland in return.

[Question] Do you think that there can be peace without the PLO?

[Watad] Absolutely not. Not only this. There will be no peace in the area without the PLO and without the Soviet Union's participation. From our viewpoint and in our daily actions in Israel, we do not accept the United States as a mediator. The United States is not just totally biased in favor of Israel but also biased in favor of the backward, greedy, oppressive and aggressive Zionist ideology. We believe that the main enemy is the United States and that Israel is the facade for the U.S. aggression.

[Question] But is there possibility or hope that Israel will submit to the international conference plan, keeping in mind that Israel does not even submit to the Shultz plan which says no to the Palestinians, no to the right of self-determination and no to the independent Palestinian state?

[Watad] First, Shultz is one of the swindlers of international politics. Shultz has no plan. He and the U.S. administration were in deep slumber throughout years. Now that they have approached the end of their term in the White House, they have embarked on this movement to mislead the U.S. and European public opinion into believing that there are those who work to overcome the painful image televised from the occupied territories. As for Israel, if world public opinion fails to twist its arm, it will not be at all persuaded by resounding speeches or by resolutions, whatever they are. Actual economic and

political pressures must be brought to bear on Israel. What the EEC has done represents but a very small step which the international community must follow with other steps. To persuade Israel, it is not at all enough for the international community to adopt resolutions, issue statements and make resounding speeches.

[Question] What are the Arabs now required to do for the Palestinians who live under Israel's military control?

[Watad] Regrettably, the Arab world is divided into two parts: A part, including the rulers, that is totally loyal to the Palestinian cause and another part that is tantamount to rulers who are separated from their peoples and who plot against the Palestinian cause. What is required is for the vanguard states that support the Palestinian right to form a single front, corner the others and invite them to hold an emergency Arab summit which adopts decisive resolutions that prevent any Arab circle from negotiating in place of the PLO and which adopts economic steps against the United States. We know that Arab capital and Arab deposits in the United States bolster the U.S. economy and, consequently, bolster the Israeli economy directly. It is sad that the Palestinians in the occupied territories are hit with the Arab oil revenues deposited in the United States.

#### **Walid Sadiq: We Accept Nothing but Palestinian State**

Walid Sadiq, a former Knesset member, is director of the International Middle East Peace Center.

[Question] Have you come here as part of an Israeli delegation or as part of the Palestinian mission?

[Sadiq] I came here purely in my capacity as Walid Sadiq.

[Question] Can Walid Sadiq's presence here be characterized as the presence of the so-called Palestinians whom Israel seeks out as an alternative to the PLO?

[Sadiq] I tell Israel and the entire world that there is no alternative to the PLO in the negotiations for the right to self-determination and for establishing the Palestinian state. All search for an alternative is a waste of time and means more victims. It is my opinion that the Jews will be the primary victim ultimately as a result of their continued occupation and as a result of the manner in which the Jewish child is raised—a manner whereby he gets accustomed to carrying sticks, rifles, tear-gas bombs and other weapons. Ultimately, these practices will turn the Israelis into people totally remote from human laws and moral values. Insofar as the uprising in the occupied territories is concerned, it is our duty to expose the occupation authority and to divulge the hidden acts it commits in secrecy from the world and from the television cameras. Our mission in these conferences is to expose the crimes to the world public opinion because I believe that the world is a strong bastion. Israel has succeeded in the past 20 years to gain this bastion's

absolute support for its expansionist interests. While the Palestinians have been trying to impose their national presence, Israel has been trying to brainwash the world public opinion with the theme that the Palestinians are terrorists and so forth. I believe that Israel will be very happy if it manages to annex the bank and the strip, but without their inhabitants or population. Israel's dream to implement its objectives is well known and is clearly reiterated by the ordinary Israeli. The Palestinians, of whom I am one, accept nothing other than the right to self-determination and to establishing the Palestinian state. The PLO is the Palestinian people's sole legitimate representative. If they want peace, there is an address to which they can go.

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### **Salah Khalaf Discusses Shultz Trip, Regional Views**

44040147 London AL-DUSTUR in Arabic  
7 Mar 88 pp 19-20

[Article by Zuhayr Qusaybati: "Shultz is Trying to Solve a Big Problem With Small Ideas."]

[Text] The American secretary of state George Shultz "recognized" that in his shuttle tour in the Middle East he carried new ideas, which sources in Washington insisted were within the framework of activating or reviving the "peace process." However, President Ronald Reagan acknowledged that his envoy the secretary, whom he supports, is discussing on his trip what would happen "if Arafat indeed intends to recognize Israel as a state," even though Shultz did not come to meet with the chairman of the executive committee of the Palestine Liberation Organization. Simply put, the secretary of state came to treat a big problem with small, trivial ideas, as Salah Khalaf (Abu Iyad), a member of the central committee of the Fatah movement told AL-DUSTUR.

When Shultz arrived in the region, having decided to take on the burden of a shuttle mission, the Palestinian uprising continued to escalate: more martyrs in the face of Israeli repression, smoke and bullets and blood and scandals by the ally before the eyes of the whole world. But all that did not worry the American visitor as he appeared smiling and wrapped in optimism. Some frustration was inevitable for Secretary Shultz, following the failure of his attempts to hold a meeting with Palestinian personalities within the occupied territories. Indeed it was said that his shift to focus attention on the Jordanian replies was the clearest expression of his despair regarding a unified Palestinian stance.

Aside from the term "deal," which Shultz used while standing beside his Egyptian counterpart 'Ismat 'Abd-al-Majid, without having the means that would make it easy for him to embarrass Egypt, which had not spoken of the existence of such a deal. Aside from that, the expression "where there's smoke there's fire" keeps

coming up. Otherwise, why would the American secretary of state take upon himself the burden of a "mission impossible," as they say in the West?

### **Single Condition**

According to what the Palestinians say, it would be possible for the mission to become a reality under one single condition, namely the opening of a channel of direct dialogue between Washington and the PLO; otherwise it would be in vain. Then what is left for Shultz to negotiate, with the problems of a dialogue bringing back memories of the joint Jordanian-Palestinian delegation to London?

On the second day of the American secretary's tour, heated debate focused on the Palestinian area. There was continuous communication between the PLO headquarters in Tunis and Palestinian personalities within the occupied territories, and these personalities received urgent communications from the American consulate in Jerusalem, until the unified Palestinian position developed: a decision to boycott the Shultz meeting. The attempt to divide the leaders—those within and abroad—met with failure, as Abu Iyad told AL-DUSTUR in a telephone conversation shortened by the exhaustion of the number two man in the Fatah movement. The reason for that was the long hours during which Salah Khalaf took part in the open sessions of the "emergency leadership" held in Tunis.

In spite of that, Abu Iyad did not hide his satisfaction that the Palestinians had rallied around the decision to boycott the Shultz meeting following the American insistence on speaking only with Palestinian personalities within the occupied territories, dismissing the possibility of dialogue with leaders in the PLO. If that meeting had occurred according to Washington's wishes, it might have strengthened its aims, which have so often been associated with bad intentions, and an attempt to thwart the uprising in Gaza and on the West Bank by renewing the search for a Palestinian spokesman or negotiator in place of the PLO.

Abu Iyad revealed that "the United States put extreme pressure on the national personalities within Israel, and certain Arab states went along with it, knowing that the Shultz plan aimed at containing the uprising. But through our contacts with our brethren in Israel, all adhered to the PLO decision not to take part in the Shultz meeting, except on the basis of his seeing the PLO, be it in any capital." Abu Iyad went on about the visit: "An appointment was made to meet with 15 Palestinian figures, but nobody responded, and therefore the American secretary of state issued a statement of a general, non-political nature, which was inappropriate coming from a secretary of state."

What about that which is new in Shultz' ideas? The member of the central committee of the Fatah movement said, "There is absolutely nothing new. In fact, his



plan contains something worse than the concept of autonomy as it appeared in the Camp David Accord. This plan tries to turn the Arab-Israeli fight into an inter-Arab one by bringing Jordanian soldiers or police into the West Bank. Thus the American-Israeli plan says that Arabs are better able to oppress Arabs. I believe that Jordanian brethren rejected that, and whatever attempts are made by the Americans and Israelis, they will not be able to impose anything on the Palestinians. Let us remember what determination there was to implement autonomy after the Camp David Accord was signed, and how it all came to nothing. No one can disregard the Palestinians and their legitimate aspirations. What we want is a serious solution that will be based on the recognition of the right to self-determination and on the international conference in which all concerned parties would participate, including the PLO."

#### Anesthetization

Once again we asked Abu Iyad about the American insistence that there were new ideas in Shultz' plan, and how the PLO viewed that. He reaffirmed that "America's position is as firmly established as heaven and earth, and there is nothing new in it. In fact, King Husayn's absence from Jordan during the American secretary of state's Middle East tour indicates that he is convinced that there is no serious change in Washington's position. I state frankly that we will not accept any proposals that aim to anesthetize."

In spite of that, a group of observers believes that the current activity in the context of the Arab-Israeli struggle, specifically the Palestinian question, cannot be separated from the effects of the American-Soviet accord. They add that Shultz' trip itself might be the prelude to a specific international scenario, judging from the fact that Israeli voices are being raised which declare that withdrawal from occupied Palestinian "lands" must take place as soon as possible. On the effects of the international accord on the possibility of a solution, Abu Iyad told AL-DUSTUP: "If the Afghanistan crisis ends, the Palestinian question will have priority. The Soviets are friends, and we believe that some kind of detente occurs when the superpowers meet, but a strong Arab player must be present who will have an influence on the meeting. How? By having the Arabs support the uprising so that it becomes universally Arab."

In this context, is there any failure which the PLO regards as objectionable, excluding of course the failure to hold a summit meeting devoted to the popular uprising? "Absolutely," Abu Iyad affirmed, "and therefore (certain parties) want to the Palestinian nationalists. We say out loud that there is an Arab failing, for why do not all the Arab people demonstrate? Who is stopping them, now that the Palestinian people of the West Bank and Gaza are asking that someone stand up for them? How

remote are the Arab nation and the Islamic world from the sight of the four Israeli soldiers breaking the arms of defenseless Palestinians! Or do you think their feelings are dulled?"

That was the most recent of the Israeli outrages that have shaken the "Western conscience," and it was unfortunate for the American secretary of state that it was an American television crew that filmed the scene, while Shultz was refraining from condemning the acts of repression to which the Palestinians are subjected in the occupied territories. But Ahy Iyad is confident that the American position "must change in the future," without making a distinction between the policy of the present administration and a future administration following the American presidential elections. "If we Arabs were to promote our position, we would force Washington to make that change. The popular revolution in the occupied territories that is occurring now is against Israel's presence in the region, therefore the Americans are trying to rescue it. Thus I stress that Shultz' trip is a failure, since he came to solve a big problem with small ideas, while Israel is divided within itself over these trivial ideas."

#### Palestinian Surprise

It is known that the American reports are what preceded the arrival of the American secretary of state to the region, and before him Cloverius and Murphy, to talk about the form of the limited and "interim" Palestinian autonomy on the West Bank and in Gaza, and then to affirm that the United States still was not getting anything from the Jordanian position other than "a little bit on the basis of Resolution No 242." Any mention of an international conference has been absent from Shultz' shuttle tour, just as the recognition of the legitimate aspirations of the Palestinians has remained nothing more than the mention of the right to self-determination, which Amman insists is one of the conditions for a conference and a comprehensive solution. That was the gist of the "new initiative" until last Monday evening, just a few hours before Schultz headed for London to meet King Husayn. Observers had noticed that the secretary had continued to move between Jerusalem and Amman after he had ended his talks with the Egyptian and Syrian presidents in Cairo and Damascus, while the "doves" in the Israeli Labour Party were dismissing any role for the PLO in negotiations, which would be limited to "Israel," Jordan, and Palestinian representatives from the West Bank and Gaza.

The member of the central committee of the Fatah movement, Abu Iyad, says that the Jordanian position rejects American pressures. That has been clear for not a short period of time, inasmuch as Jordan has become annoyed by the Reagan administration's efforts to embroil Amman in a "partial solution" that it did not want. Western sources pointed to the fact that the Jordanian monarch was in London on a private visit primarily for dental surgery, while Shultz was meeting

with Crown Prince Hasan, Prime Minister Zayd al-Rifa'i, and Foreign Minister Tahir al-Misri. In this context, it is said that King Husayn, who has had previous experience with American experiments with the "peace process," preferred to let the shuttle tour take its course so that it would eventually become clear whether it had succeeded in making any change in the position of Israeli prime minister Yitzhak Shamir on the subject of holding an international conference.

Thus the common denominator between the American and Jordanian positions—and the Egyptian one as well—is Resolution 242, though Amman adds Resolution 338 as a basis for a solution. The PLO adds, "We recognize all international resolutions as an integral unit." This position is well known, but Abu Iyad, as he explains in his conversation with AL-DUSTUR, in the midst of the events of the uprising, is "surprised" that any Arab "would demand that we recognize this resolution—242—which is devoid of the Palestinian question and all Palestinian rights." Because the developments have gone beyond this, he is certain that "the uprising will go on and develop and move from one phase to the next with so much optimism that everyone will be surprised."

Thus it is clear why the description of "impossible" fits Shultz's mission, especially since American sources last Monday evening leaked a report of his estimation of his chances for success, and whether he would be able to finish what he started, that in spite of his public optimism after his talks with the Egyptian president, Husni Mubarak. Certain circles in Washington had "discovered" the missing link 13 years ago, that being dialogue between the PLO and the United States, something towards which it is said that Hanna Sinyurah and Fayiz Abu Rahmah tried to pave the way when they met Shultz recently in Washington. Then suddenly the opposite occurred: the American condition was renewed, calling for the PLO to recognize "Israel" first, and "renounce violence." On the other hand there was debate and confusion over Sinyurah's statements, which the Americans interpreted as making correlation between Israeli repression and popular Palestinian resistance to occupation when "he linked an end to violence in the occupied territories to mutual recognition between Israel and the Palestinians." Does that mean disagreement with the American interpretation of events in the West Bank and Gaza?

#### Waiting Game

A few days ago Sinyurah said: "There will be no meeting with Shultz unless Palestinians within and abroad are represented, regardless of where that meeting might be held," which confirms the rallying behind the recent unanimous agreement to boycott the American secretary of state. Regarding that Abu Iyad explains, "Sinyurah is abiding, but we are not responsible for many of his statements."

American statements which are obscure, contradictory, and "clear" all at the same time remain a source of conjecture regarding one of two possibilities: either George Shultz will be convinced of the possibility of selling the plan to withdraw from occupied "lands"—with the definite article deleted—and applying an understanding of the Jordanian option in a balanced way, something which the Soviets reject, so they are now playing a waiting game in order to burn the "new American initiative" . . . or a solution that Washington and Moscow will agree upon will in fact be "cooked up." However, there is little chance of that, for many reasons, foremost of which is Palestinian recognition of Israel, and the American and Israeli rejection of the establishment of an independent Palestinian state.

Regarding the Golan Heights, which was discussed during Shultz' meetings with Syrian officials, it seemed to observers from the American secretary's brief remarks that Washington recognizes the necessity of an Israeli withdrawal from the occupied heights, but at the same time it defends the "right" of the Zionist entity, in the Golan Heights as well as the West Bank and Gaza, to keep any piece of land that will help it to "meet its security needs." Therefore Damascus announced the failure of Shultz' discussions in the Syrian capital, but it left the door ajar for a continuation of the dialogue, which also confirms the American feelings of urgency that the diplomatic shuttle mission reach some kind of agreement. Because Shultz' return remained a possibility, inasmuch as he left his assistant Richard Murphy in the region while he participated in the Brussels summit of NATO nations, the belief prevailed that the "overseer" of American foreign policy continued to bet on a change in the stance of Palestinian personalities within the occupied territories up to the last minute, regardless of whether the presence of Hanna Sinyurah, Mustafah al-Natshah and Fayiz Abu Rahmah in Cairo during Shultz' Egyptian meetings was just a coincidence.

Even if very little was announced in Arabic in Damascus, Cairo and Amman about the import of Shultz' talks, what is striking is that the secretary bound himself in the "usual" manner to meet with Yitzhak Shamir, the Israeli prime minister, and his foreign minister Peres, each separately, while the latter renewed his bet that he would ride the "wave of peace" while awaiting the moment when the Israeli coalition government would break up.

As for Americans who followed the shuttle diplomacy "to revive the peace process," some of them cast blame on Arab governments that were not favorable to the Shultz mission, while others considered the continuation of Palestinian anger to be the greatest obstacle before it. What is interesting is that sources in Washington were anxious to promote the news of Egyptian president Husni Mubarak's approval of the American seven point plan, according to one of the officials, just as it was attributed to the aides who accompanied Shultz that not one of those whom the secretary met in Jerusalem,



Cairo, Amman, or Damascus rejected the "peace plan" as a whole, and it is what the former considers to be the way to a "comprehensive settlement," as he put it. So why does the initiative not continue? The answer by way of pertinent American experts is that the opposing public positions which prevail now on the surface are nothing more than the manifestation of long and hard bargaining that has in fact begun.

Only a very few observers in Washington believed that Shultz' mission might meet with success through exerting pressure on "Israel" to offer geographical concessions and also to talk directly with the PLO, which "in spite of the tension prevailing in the ranks of its leadership, has had its position strengthened by the uprising, so progress towards peace has become impossible without the PLO's participation," according to those observers. In fact, they see "Israel's" friend George Shultz as the one now best capable of breaking the ban with which Henry Kissinger restricted American diplomacy in 1975, preventing any official contact or dialogue between Washington and the PLO.

Will Shultz do it? There does not appear to be anything that would point to that. Meanwhile, Peres is optimistically putting in his two cents worth: "as long as the Jordanians take American proposals seriously," as he put it, which is only wishful thinking, or stated lest he appear to be alone in Shultz' train. The extent of the Jordanian response was confirmed after a meeting in London on Tuesday (1 March) between King Husayn and the American secretary, who once again heard the Jordanians insist that an international peace conference be held, and that the PLO participate in the negotiations. As long as the situation is thus, "they — the Americans and the Israelis — will never be able to impose anything on the Palestinians," as Abu Iyad put it, especially since no Palestinian will violate the decision to boycott Shultz, lest one of the strongholds of the uprising be destroyed.

George Shultz refused to visit the West Bank and the Gaza Strip, but the decision to boycott struck the train of the shuttle tour with the stones of the uprising.

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## IRAQ

**Cultural Agreement Signed With Poland**  
44000066b Baghdad THE BAGHDAD OBSERVER in  
English 6 Mar 88 p 2

[Text] Iraq and Poland have agreed to promote bilateral cultural ties at the end of a visit by a Polish delegation to Baghdad.

An Executive Programme for Scientific and Cultural Cooperation for the years 1988, 1989 and 1990 was signed on Saturday at the Ministry of Higher Education and Scientific Research.

Dr Sa'd Abdul-Aziz, Director General of Scholarships and Cultural Relations Department, signed the programme for Iraq. Mr Jerzy Bauer, the Director General of Foreign Cultural and Scientific Relations in the Polish Foreign Ministry and head of delegation, signed the protocol for his country.

In statements delivered on the occasion the Iraqi and Polish officials described the programme as a step forward in enhancing cooperation between academic and cultural institutions in the two countries.

Iraq has recently signed similar agreements with Greece, France, Britain, Bangladesh and the United States.

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**Baghdad Hosts 16th Arab Labor Conference**  
44000066a Baghdad THE BAGHDAD OBSERVER in  
English 5 Mar 88 p 2

[Article by Rushdi Sabbar]

[Text] Baghdad, March 4—Under the auspices of President Saddam Hussein, the 16th ordinary session of the Arab Labour Conference will be held here on Monday.

At a press conference in Baghdad, on Thursday, the Arab Labour Organisation Director General, Mr al-Hashimi Banani said over seven days the conference will discuss the Director General's report on labour movement in Arab world.

"It will discuss the means of promoting the workers' health and vocational security status and financial, organisational and administrative issues", said Mr Banani.

Mr al-Banani said that the conference will discuss a draft resolution submitted by Jordan urging Arab countries to stand firm against the Israeli brutal acts in the occupied territories.

Mr al-Banani said Iranian aggression against Iraq is one of the items on conference's agenda.

The ALO Director General will submit a draft resolution on the Gulf war prepared by the ALO to the International Labour Conference to be held in Geneva next June.

The ALO conference will call on member-states to impose economic sanctions on the Iranian regime and demand that Arab businessmen and workforce should boycott the regime.

The ALO Director General referred to a decision taken during the Organisation's conference held also in Baghdad on March 1987 condemning the Iranian regime's insistence on escalating its aggression against Iraq.

He also referred to the meeting for solidarity with Iraq held in Baghdad on September 6, 1987 and sponsored by the Arab Labour Organisation.

During the meeting the Arab Labour Organisation reiterated solidarity with Iraq in defence of its sovereignty against Iranian aggression and in pursuit of a peaceful, just and comprehensive settlement to the war.

About 250 delegates representing labour, management, and governments of the ALO member-states are expected to attend the conference.

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## JORDAN

### King Husayn Contributes to the Uprising

44000069 London AL-TADAMUN in Arabic  
9 Apr 88 p 16

[Text] It was announced in Amman that King Husayn was contributing his salary for the month of March to the Zakat Fund [early Islamic alms tax] in support of the Palestinian people's uprising in commemoration of Land Day. The statement, which was issued by Prime Minister Zayd al-Rifa'i, said that 'on the occasion of Land Day, in honor of the steadfastness of the sons of the Palestinian Arab people in the occupied territories, King Husayn instructed that his allowances for this month be contributed to the Zakat Fund.' Similarly, the statement pointed out that the Jordanian parliament decided to earmark one day's wages from each employee and worker in government ministries, bureaus, and agencies to benefit the Zakat Fund 'so that these funds would serve to support the families of martyrs, wounded, and imprisoned in the occupied territories who had been martyred, wounded, and imprisoned because of their struggle to preserve their land and Arab character and to restore their legitimate, national rights.'

### Amman TV on News Conference

JN122021 Amman Television Service in Arabic  
1700 GMT 12 Apr 88

[Text] Nikolay Trubilin, deputy chairman of the RSFSR Council of Ministers and president of the Jordanian-Soviet Friendship Society, today held a press conference during which he reviewed the outcome of his visit to Jordan. The details of this conference are in this report by our correspondent, Salim 'Ali Dhiyab.

[Begin Dhiyab recording] At the end of his visit to Jordan, Nikolay Trubilin, deputy chairman of the RSFSR and president of the Jordanian-Soviet Friendship Society, held a press conference during which he stressed that his meeting with His Majesty King Husayn was serious and fruitful. Specific issues were raised at the meeting, with both sides raising these issues in a joint Jordanian-Soviet view and in the identity of their views and positions, he said. He added that the Soviet Union

places special importance on its relations with Jordan and that His Majesty King Husayn's recent visit to Moscow gave strong impetus to these relations, which are constantly growing.

He said the stand of the Soviet Union vis-a-vis the correct and practical view on achieving a just and honorable peace in the Middle East is identical to the Arab stand, especially the Jordanian stand. Such a peace should include a full Israeli withdrawal from the occupied Arab territories and a recognition of the right of the Palestinian people, he said. The basis of any move for achieving a just peace in the Middle East should be a fully empowered international conference to be attended by all parties to the conflict, including the PLO as well as the five permanent member states of the Security Council, he added.

At the conclusion of his press conference, the chairman of the Soviet delegation stressed that there are many potentials that constitute a joint basis for Jordanian-Soviet relations in the scientific, medical, economic, and cultural fields.

At the beginning of the press conference, Bahjat al-Talhuni, president of the Jordanian-Soviet Friendship Society, pointed out the importance of mutual visits to promote relations between Jordan and the Soviet Union in all fields. He also pointed out the special nature of these relations on the basis of the identity of the Jordanian and Soviet stands vis-a-vis political issues concerning main question in the region. [end recording]

## KUWAIT

### Overseas Investment Detailed

44000057 Limassol MEMO in English  
3 Mar 88 pp 40, 41

[Article by Christos C. Anastassiades]

[Excerpts] Rumors that Kuwait might seek to expand its already acquired stake in British Petroleum (BP) up to 29.9 percent—the maximum percentage allowed without launching a full bid—seem to have remained just that.

The purchase can be seen in the context of Kuwaiti policy to increase and solidify overseas investments. Though the Kuwaitis themselves are always cautious not to release figures about their foreign investments most observers agree that the magnitude of these must be in excess of [\$] 85 billion. There is widespread speculation that in 1986 Kuwait's earnings from holdings of bonds, stocks and property yielded income of some [\$] 6 billion, probably somewhat higher than the country's oil revenue in that year.

### Acquiring BP Share

The Kuwaiti move to acquire what turned out to be a progressively increasing share in BP came at a time when world markets still have to cope with the aftereffects of the recent stock exchange crash and the continuing instability in share prices throughout the world.

So determined had the Kuwaitis initially appeared in their effort to become shareholders in Britain's largest company that concerns were raised, particularly in Britain, that they were in fact shooting, ultimately, for outright control of BP. Expressing such concerns the British Labor opposition went as far as to accuse the Conservative government led by Prime Minister Margaret Thatcher of selling BP to foreigners, a rather exaggerated charge in view of the limited share held by the British government in the company.

Selling the government share in BP to the private sector was a move decided some time before what became known as Black Monday, the day when share prices collapsed to unprecedentedly low levels. The crash could not but take a toll, making the BP's potential buyers quite wary about the wisdom of their purchase. To allay these fears the British government moved in and offered to buy back company shares for [\$]1.20. To be sure even with this offer buyers could face losses considering their initial agreement to pay [\$] 2.06 per share. Yet this was somewhat of a consolation considering that the resale value of shares in a crashed market was well below that level. The British government initiative was primarily aimed at wooing US financial institutions, including Shearson Lehman and Morgan Stanley, which had a high degree of exposure considering their initial commitment to buy a total of 480 million BP shares. Despite this incentive the turn-out was not all that good; while some five million buyers were expected finally those who showed up were less than 300,000. In the light of this the seemingly unexpected involvement of the Kuwait Investment Office (KIO) was a welcomed development for the British government.

By the end of the first week of November it became known that the London based KIO, generally described as the investment arm of the Kuwaiti Ministry of Finance, had acquired a 4.9 percent stake in BP. It was at that time that speculation started to surface as to what the Kuwaitis were really up to. Were they interested in a simple investment in a big company or were they trying to gain a pivotal role in BP refining and marketing capacity?

Less than two weeks later the Kuwaiti stake reached 10.06 percent and the total amount paid to acquire such respectable share was put at some L500 million. But the buying spree was not to end there. By December 4 the stake was increased to 10.44 percent and reached 11.52 a week later.

Although by that time it had become all but certain that the Kuwaitis were prepared to keep up buying, yet most observers tended to accept the official Kuwaiti version as to what was behind the purchase. That is, the Gulf state was only interested in increasing its overseas investments, particularly in Europe, and was not seeking to take over BP or influence, in any way, the oil company's managerial affairs and decision-making processes. It was pointed out, in this respect, that KIO and the Kuwait Petroleum Corporation (KPC) act autonomously, thereby implying that the KPC was not necessarily behind moves initiated and carried out by KIO. Yet there was still one question to be addressed: how far would the Kuwaitis go in increasing their share in Britain's oil giant?

In any event, the Kuwaitis continued to increase their share all the way till the end of 1987. By mid-December this stood at 13.07 percent while a week later it was already in excess of 16 percent. From there it went to 17.07 percent. Just before the year-end KIO had purchased more than 1 billion shares. That accounted for half the shares issued by the British government and the total transaction was said to have involved no less than L700 million.

The first days of 1988 did not witness any new developments and views on Kuwait's real intentions remained as divided as ever. Some analysts say the KIO will likely limit itself to the 17.4 percent stake. Others were not so sure, arguing that there was a distinct possibility that the Kuwaitis would launch a full bid for BP. On their part, the Kuwaitis were said to have given further verbal assurances that they had no plans to place what is believed to be the world's third largest oil company under their control.

There has been, moreover, some speculation that the Kuwaiti move was not entirely unexpected and some observers say that the British government might have reached some sort of understanding with the Kuwaitis before deciding to sell its 31.5 stake in BP. Yet this piece of information has not been confirmed by either side.

### Shrewd Investment Policy

The Kuwaitis have been very secretive when it comes to the foreign investments and the way they handle their overseas investments is not always the same. Therefore, past experience cannot be of any help in showing what they plan to with their BP share, that is if they themselves have a preconceived plan. To be sure, their interest in the European refined products market cannot be denied and this may mean that they could use their BP link to launch joint ventures with one of the Seven Sisters, something that could presumably involve technology transfer which the Kuwaitis have always been eager to acquire.



On the other hand, the Kuwaitis have also been keen on buying shares when they are cheap so that they can profit when prices rise. They have admittedly been quite capable in doing this which has earned them, and quite rightly so, the compliment of the shrewdest investors in the Arab world. A case in point here is the 1986 purchase of a 22 percent stake in Exco, an important British financial establishment. KIO sold the stake almost overnight, realizing a respectable profit of more than [\$] 10 million.

It is in the same context, perhaps, that one can view Kuwait's 1986 acquisition of a 4.5 percent share in Spain's Banco de Vizcaya. This was also subsequently sold at a handsome profit.

The Kuwaitis are also known to be involved in the US investment market. Yet specific details about this involvement are unavailable particularly since their stakes remain below the 5 percent margin beyond which investors have to give information about their holdings. They are likewise involved in industrial holdings in West Germany, not to mention their participation in Japanese equity funds.

Could it be that in the case of BP, the Kuwaitis are also capitalizing on low prices? This is a distinct possibility considering discounts of up to 28 percent offered by the seller. Yet what makes this argument blurry is the fact that KIO could have waited a little longer until the price-support mechanisms offered by the British government expired (in mid-December) in which case prices would be even lower. Moreover, the Kuwaitis have shown no sign that they are contemplating selling their BP share.

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## MOROCCO

### Status of Moroccan Positions in Western Sahara Analyzed

45480003 Madrid DEFENSA in Spanish  
Feb 88 pp 35-41

[Article by Vicente Talon: "Nothing New in the Western Sahara"]

[Excerpts] The former Spanish Western Sahara, which is today under Moroccan jurisdiction, has been of interest to DEFENSA throughout the years, since this is a zone of great strategic importance, and one whose varying fortunes could in the long run have substantial repercussions on the military, political and even sociological plans not only of all the countries in the Maghreb, but also Spain, and even powers outside the zone, inasmuch as one of the most heavily traveled maritime routes in the world passes between the Saharan coastal zone and the Canary Islands. Vicente Talon, who began visiting

the Sahara in the 1960s and has directly witnessed its most important ups and downs, has just returned from that region. Here is his report.

The Royal Armed Forces (FAR) helicopter, an Agusta Bell, in which I was seated, proceeded at full engine speed across the vastness of the desert. The spectacle I saw was truly unusual, since as a result of the heavy rains which fell a short time ago, broad areas were covered with green. There were valleys containing veritable lakes, and certain sections of the normally dry beds of the flood channels (wadis) gave the impression of being rivers. This was not too surprising, however, since I had learned in El Aaiun that the Seguiat el Hamra, the large natural pond adjacent to that city, was emptying into the sea, after overflowing—something which not even the oldest residents can remember ever happening before.

The flight of some 600 km, with a refueling stop in the historic city of Smara, ended, for the time being, in Mahbes, an old Spanish military post located in one of the most inhospitable parts of the Sahara. It has been particularly dangerous since 1975 because the Algerian frontier is very close, which has encouraged the Polisario Front, the armed Saharan organization fighting for independence, to make its presence felt with importunate insistence, first by occupation and, after it was forced out, by using every forceful means in an attempt to return. It had struck its last blow just a few days earlier, and the desire underlying my trip was to learn about what had happened, in the field and by talking with the Moroccan participants in the battle, and then to learn about the current status of the very peculiar war which for 12 years now has been developing in this distant corner of the world.

### A Regulation Attack

Standing in front of a Spanish Army Geographic Service map, brand new but not up to date, since it bore place names such as "French West Africa" from another era, Col Meki Naji prepared to speak. As commander of the Oued Draa sector, which includes the Mahbes, Hausa and Al Farsia subsectors, he has under his jurisdiction the most sensitive area in the whole of the Moroccan defensive deployment region, and, naturally, that to which the most select and best-supplied and trained forces have been assigned, so as to be able to cope with any kind of emergency. After pointing out that a road, obviously blocked today, leads from this point to the Algerian city of Tinduf, where the principal base of the Polisario Front and its military, political and personnel nerve centers are located (this point being no more than half a hundred roughly estimated kilometers from us), and after noting that the demarcation line with Algeria (Morocco does not recognize it as an international boundary) is only 8 km away, as the crow flies, from the advanced positions of the FAR, the colonel gave the following explanation, using his pointer on the map for illustration.

"The attack was launched by mechanized and motorized units against two points simultaneously—Sueiah, just here, and Oum-Dreiga, some 600 km farther to the south. Each of these points was attacked by troops of a strength of one "failak" and a half (there are 400 men in a failak), equipped with BMP armored transport, all-terrain vehicles of various kinds and the usual weaponry—RPC, SR B 10 guns, Sagger missiles, 23 and 14.5 mm machine guns, etc. Naturally, because the site from which they could come was so close, and because of our detection facilities, we knew what would happen and we took suitable steps. For the attack on Oum-Dreiga, they started from the Mauritanian frontier 80 km away.) Night fell, the strip of land in front of our positions was cleared of mines, and the attack began, after an artillery barrage by the 122 mm guns ("Stalin organs") and the heavy mortars. The battle was very fierce, lasting 6 hours, and in the course of it, the enemy succeeded in penetrating 500 meters beyond the containment wall. And then, as always happens, they had to withdraw, and as is also the norm, they did so in disorderly fashion, leaving an abundance of equipment and corpses behind in the field. We suffered a total of 72 dead and 76 wounded, and they left behind 13 dead and 31 wounded.

In the heart of the desert, after a short flight during which one of the many Gazelle helicopters in this area served as a guide for our pilots, we came upon some of the remains of the battle. It was the BMPs, of which the Polisario Front lost 18, which most attracted our attention. Although they were of recent manufacture, they were of the oldest model—No 1—of that useful Soviet troop transport, but their remains provided a sad spectacle. The results of the penetration of the armored vehicles of which the ammunition used is capable were impressive, since the interior was completely devastated, in almost all cases. Obviously those riding inside met a horrible end, while in other cases the explosion of the ammunition they carried reduced the vehicles to fantastic tangles of metal. It was also curious to note that, with the exception of the major impact suffered by the turret of one of the BMPs, it took amazingly little to destroy the rest. This is another characteristic of this type of ammunition.

In any case, the Polisario Front revealed its gradual erosion on this occasion. In fact, back in February of 1987, it utilized T-55 vehicles and the inevitable BMP-1s in this same zone, losing half a hundred of the former and 60 of the latter on that occasion. But now the keynote was caution as to the number and the strength of the equipment used.

(The most brutal attack seen here was the battle of Zmul EL Niran on 13 October 1984. Then, for the first time, the Sagger antitank missiles, mounted on the 73 mm guns of the BMPs, were used along with the T-55s and the BMPs. There was another series of clashes leading up to a rather serious one which occurred on 25 February 1987, between Mahbes and Farsia. Once again reliance was placed mainly on the T-55s and the BMP-1s. Then

came a period of relative calm, which was interrupted by the double attack on 18 November 1987 which is the subject of our editor's report.)

### The Intervention Force

With a sirroco beginning to blow irritatingly, we took off again, still following the Gazelle, for support point No 13 located in the Tnouchad region, along the fifth Saharan defense wall. Col Mohamed Tamdi, in command of the Mahbes subsector, was now our host. This visit was not of such great interest to me, since I had seen the wall on various occasions, and there was nothing new in this sector, either in its conception or the equipment with which it was provided. Except that suddenly, the noise of an engine approaching at full speed and causing the ground to vibrate could be heard, while a thick cloud of red dust disrupted the great calm which followed the sirroco.

What was speeding toward us, Colonel Tamdi, pleased at my surprise, explained to me, was the collection of steel with which the FAR confront and neutralize the Polisario Front attacks—the rapid intervention force. Its composition could not be more eclectic, since it includes all-terrain Land Rovers (as well as Spanish Santanas and British vehicles), Toyotas and Jeeps, M-113 troop transports, Panhard armored vehicles with wheels and AMX-30 and M-48 vehicles, which appeared to be of the A5 type. There are about 100 pieces of equipment which, following training which is as thoroughgoing as it is continuous, can be used together with consistency and can function with notable striking power and flexibility, despite the differences in their size, engines and running gear. There are various units like this strategically assigned close to the nerve centers, and when their assistance is required, they can advance along a front some 3 km wide and 5 or 6 km deep. Normally, when they are close to the enemy, the speediest vehicles move off to the sides and begin a flanking maneuver while the heavier equipment deals a devastating blow to the central sector.

"The wall was not designed for resistance on top of it. There are no casemates or cement here. We have it solely for the purpose of detecting the enemy and preventing any force from entering our territory without our being aware of it. If anyone wants to attack it they can do so, and even, if they are lucky, get beyond it. The enemy's problem is that he will not be able to hold the ground gained along this part of the wall for more than a few hours, and then a retreat with heavy casualties will be necessary. In addition, once the enemy forces retreat toward their bases, they will be pursued by our Air Force, which will inflict further damage. Only when they cross the line, because of our desire to avoid creating international problems and since these are the orders we have been given, they are safe from pursuit continuing to the point of their complete elimination," one of my interlocutors told me.



With visibility now much reduced, since the sun could only be perceived as a diffuse yellowish spot, we returned to Mahbes, where the pond, converted by the rainfall into a kind of ocean, was surging in spectacular fashion as a result of the violent winds. And amazingly, although this has always been typical of this remote post, the meal offered for our enjoyment was as exquisite as it was varied—couscous, chicken cooked with olives, meat pie, roast lamb, various salads and desserts—a veritable and inexplicable miracle.

### An Original Solution

Building a gate to the desert, which is, in a way, what this involves, seemed a crazy idea. No one could conceive how Morocco, over a distance of thousands of kilometers, could erect a useful defensive barrier along the lines of those seen throughout this century in places as different as Spain (the Bilbao Iron Belt), France (the Maginot Line and a part of the Atlantic Wall), Italy (the Gothic Line), Tunisia (the Maurice Line) and Israel (the Bar Lev Line). It would require intolerable expenditures and the deployment of extensive troops and combat equipment. Costs, in short, which the government in Rabat could not allow itself to undertake. However, and to the surprise of both citizens and foreigners, the project could be carried out, because it turned out to be not only an innovation but revolutionary as well, with the old-fashioned idea of establishing a presumably insurmountable barrier being rejected, and other objectives sought instead. Specifically, the goal is to keep the enemy out of the territory over which maintenance of control is desired, and thus to eliminate tedious search and destruction operations to find the infiltrating parties. It also forced the Polisario Front to take on responsibility for finding the FAR, rather than the reverse, just the opposite of what had been happening over the years, with such unfortunate results for the FAR.

Colonel Naji told me outright that "The wall was not built with the thought that it would be impenetrable. It serves the purpose of detecting the enemy so that we can attack if he attempts to cross it. On the other hand, any wall, as the lessons of history reveal, can be penetrated. All that is needed is to have certain resources and to be willing to pay the cost in human and material losses."

To speak rather plainly, the wall is not very impressive in appearance. It is made of stones piled one upon the other, in most cases without mortar. The parapets are open, so that generally a soldier must show himself in order to fire, since there are no loopholes through which to aim. Also, although not in all sectors, there is a broad, deep passageway along which vehicles and even tanks and armored cars can move (at support point No 13 there were TOAs). But what is most interesting and truly effective is not located here, but somewhat farther back. And this is something that to date, the FAR has never shown to outsiders. These are the long-range artillery

positions, the points from which the previously mentioned rapid intervention force units, and those somewhat more conventional ones, transported in large-capacity all-terrain vehicles, are dispatched. There are also Air Force resources (there are Mirage F-1s and F-5s in Gulimin and El Aaiun), and above all, radar facilities, some of which are operated from the air, but which also include very sophisticated facilities located on the ground. As Colonel Tamdi explained, the radar provides information on what is happening in Algeria itself, as well, naturally, as in the immediate area of our own lines.

Although from a study of the map accompanying this article, one might get the impression that the wall follows along as a continuous line, section after section, this is not the case. The first section, begun in August of 1980 and completed in March of the following year, reached from Ouarkiz to Smara, and then was extended to protect El Aaiun and Bojador. The second wall (built between 19 February 1983 and 20 February 1984) began in the Bu Craa phosphate zone and extended to Krebichet, in the North. Each of the three sections mentioned was 300 km long. Between 19 April and 10 May of 1984, the third wall, which protected Djirja and Hausa, the provisional capital of the so-called Saharan Democratic Arab Republic (SDAR), took shape over a distance of 320 km. On 15 January 1985, the fourth wall was completed. It is of tremendous importance because it protects the problematical Mahbes and Farsia zones, which are not only close to the Algerian boundary but are also ideal from the point of view of the operations of the Polisario Front. It can advance its motorized and mechanized equipment into these areas, using the deep flood ravines which run in all directions through this sector for concealment. A fifth wall, in this same sector but farther south-southeast, covered Bir Lahlu and Tifariti, while the sixth provided real security for Dakhla (formerly Villa Cisneros), the great capital of the South, which had prior to that been protected exclusively by a local defense system. Finally, the seventh wall completed the arrangement, making it continuous, and enclosing within it more than 80 percent of the Saharan territory under the absolute control of the Morocco of today, which extends from Tangiers to the village of La Guera, located directly opposite the Mauritanian port of Nouadibu (formerly Port Etienne).

This seventh wall is of great importance to all the countries, led by Spain, which dispatch their fishing vessels to work these very rich waters, since as will be remembered, the Polisario Front, using Zodiac launches, perpetrated a whole series of criminal attacks resulting in a number of deaths and kidnappings. In view of these actions, particularly during the period of the Democratic Center Union government, the authorities in Madrid began to behave in truly unworthy fashion. Following the umpteenth incident in this zone, in which a naval patrol vessel was involved and which cost the life of one of its crew, things changed, with the expulsion of the representatives of the Polisario Front from Spain. As the prestigious weekly JEUNE AFRIQUE wrote in its 25 March 1987 issue:

"The socialist government of Felipe Gonzalez has in the end seen multiple advantages in the construction of this last wall, which will close off the entire Atlantic. Spain no longer believes in the feasibility of a Saharan state unless some unusual changes occur in the region, which is becoming increasingly improbable. This makes it possible, in the economic realm, to guarantee the safety of the numerous Spanish and other fishing vessels which are obtaining exceptional catches in Nouadibu and Dakhla. On the political level, Spain sees rather good reasons for the building of the wall, in order to isolate the Canary Islands even further from the demands being made for independence. (Since the 1970s, Algeria has supported the development of the desire for independence in the Canaries, providing them with resources and a radio broadcasting station, which has now been shut down.) This problem has come to the forefront again since Colonel Qadhdhafi sponsored a kind of organic union between the SDAR and an independent state in the Canaries. This desire has only served to bring Madrid and Rabat even closer together." (The holding of joint Air Force maneuvers is evidence of this rapprochement.)

#### Future Prospects

In military terms, the problem of the former Spanish Western Sahara has now been well and truly settled. Morocco, by extending its lines as it has, has taken risks. But the situation is worse for the Polisario Front, which has lost its old axis for penetrating the Mahbes-Farsia zone, and which, if it moves forcefully toward the South, will have to violate the sovereignty of Mauritania, a country which can do nothing about it except what it has already done once—appeal to France, whose Air Force inflicted terrible punishment on the invaders. And in addition, it does not have the protection of the wadis in these zones, and if it wanted to be a worrisome force, it would have to deploy solid ranks of troops which could easily be detected and destroyed, particularly because the strength of their enemies will always be greater.

On the other hand, conditions within the native population favor the continuation, *sine die*, of the present situation. The authorities in Rabat have invested hundreds of millions of dollars here. The El Aaiun of the present, for example, in no way resembles that of the Spanish colonial era. It has seen spectacular growth, and now boasts luxurious residential sectors, numbers of very modern housing complexes, a great sports stadium and seven mosques (previously, there was not even one). There is a free-port economic system, no taxes are collected, and there are offers of all kinds of aid, to provide this region, abandoned for so long, with major facilities so that it can rise to the level of the other regions in the kingdom of which it is a part. Naturally, people came here from Morocco prior to the merger, but curiously, they took up simple and servile jobs, for the most part. When I attended a meeting at the Yemaa (a local assembly open to anyone who wishes to attend,

where one can have the floor by merely asking), my attention was drawn to the fact that the only Moroccans from north of Oued Draa present there were the waiters serving tea.

Normalization has reached the point that today airplanes arrive from the Canary Islands several times a week, bringing tourists desirous of making the acquaintance of the desert. And when I visited the port of El Aaiun, which can now accommodate deep-draught vessels, while in the colonial era cargo and passengers had to be disembarked using Army lighters, the Orient Express, a cruise vessel with 400 tourists on board, was in port.

In addition to the extraction of phosphates, extremely multifaceted projects are under way, or have already matured. Some of them involve mixed enterprises using Spanish capital. These include a ranch breeding Holstein cattle, another raising poultry, large cold-storage facilities at the port, a fish-meal factory, various plants involved in the construction of housing and public works, etc.

The present prosperity in the Western Sahara and the irreversible nature of the current state of affairs have not failed to make a deep impression on the minds of those who, a decade ago, marched to Tinduf, and who have been living in the desert since then under regrettable conditions. In recent times, desertions by the few who have this choice have multiplied. They can only belong to one of two classes—top-level politicians, because they can go abroad, and the combatants, because they take great risks, and when they find themselves in the open countryside, it becomes possible for them, at a given moment, to attempt flight. I talked with an individual in the first category—Ramdan Uld Mohamed Uld Nah, who until just a few months ago was the SDAR ambassador to the Organization of African Unity in Addis Ababa. "It no longer made sense. I was deceiving myself and my people. I was not the ambassador of any SDAR, because none such exists, but rather of the desire of those who had sent me there and paid me splendidly—Algeria and Libya," he told me. Houcine Habib, who fled in 1975 and was trained by advisers from the GDR and Cuba, was recently a combatant. He told me that to return to his land was an idea he had had for a long time, and that he realized that dream, not without risk to his life, on the first occasion which arose, traveling via Mauritania. The case of Bashir Ahmad is more curious. He left the University of La Laguna in the Canaries to go to Tinduf, where his dreams were crushed soon after he arrived. He explained what happened to me, as follows:

"We lived in 'jaimas' (Saharan field tents) and huts, under constant ideological pressure, iron discipline and police-type control. I realized that I had fallen into a trap, and I could only see one possibility of getting out of there—being chosen for the SDAR soccer team which traveled abroad from time to time. Although the work was difficult and the food was bad, I trained for several hours after work every day. I had to be very stubborn to

carry this out, but I achieved my goal, and as soon as I found myself in Paris, I went to the Moroccan embassy and surrendered my Algerian passport. And they brought me back."

For those who return, pardon is automatic, which proves very useful as a policy for pacifying the territory and neutralizing the dissidents. Not only this, for as the governor of El Aaiun, Saleh Zemra, explained to me, the property of those who go to Tinduf is kept intact and protected, under the management of the closest family members, and there is no hindrance to its use (inheritances include) except the laws on exporting capital.

The concept of an independent state, which already lacked any foundation in the era when it was gaining acceptance, is absolute nonsense today. In Latin America a few months ago, I was talking with a very high official in the Ministry of Foreign Affairs of one of the numerous countries in that zone which have recognized the SDAR. I learned, to my surprise, that that nation, the first in the world without a single river, and that it did not have 700,000 inhabitants, as we had been led to believe, but only 74,000, as established by the Spaniards in a census which included photographs, given and family names and fingerprints. In order to mitigate the embarrassment, he recounted how the president of a certain South American republic had sent the pertinent official telegram to his Saharan counterpart in El Aaiun when the government of the SDAR was recognized. The Moroccan governor who received this document had the wit to send a telegram in return with the room number of the hotel room in Algeria where this gentleman lived.

That is how things are, and not otherwise. And what we must hope is that once and for all, the focus of instability artificially created in the southwestern part of the Maghreb will cease to exist. Algeria, where the press has attacked the Nicaraguan Contras at such length, as a mercenary force which without the support and the money from the United States would disappear back into the nothingness from which it emerged, should seriously reflect upon this other "Contra" force it is nurturing, which can only exist thanks to its political, diplomatic, economic and military will.

(More on the war in the Sahara can be found in DEFENSA, in "Spanish Sahara—The Longest Maneuvers," Issue No 5; "Our Man in the Sahara," Issue No 39; and "Our Man in the Sahara—Behind the Maginot Line of Sand," Issue No 80. See also "The Legion, Patrols in the Desert," Issue No 32, and "The Army Geographic Service in Africa," Issue No 38.)

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**Leaders in Rising Business Class Profiled**  
45190041 Paris JEUNE AFRIQUE ECONOMIE in  
French Feb 88 pp 70-77

[Article by Christine Kerdellant: "The New Winners in the Moroccan Economy Explain How They Succeeded"]

[Text] They are the Moroccan counterparts of Bernard Tapie. While they have not necessarily taken over businesses in trouble like the leading figure among the "mediatized" French owners, they all, like him, are fighters and winners. They have retired the traditional image and caricature of the "choukara" entrepreneur, with his little case full of bank notes with which he could "advance" his affairs through judicious distribution.

The new generation of businessmen is of a stamp entirely different from that which preceded it. Perhaps it is upsetting for this very reason, rather than simply because it is in the nature of things for young people to irritate older ones, just as the sick irritate the healthy. And these men are not, moreover, so young—it is not so much by their physical age as by their state of mind that they can be recognized. They do not hesitate, when the need arises, to challenge traditions and the established order. But they do this without engaging in politics—they have ideas, but no ideology.

The new entrepreneurs have learned that it is not possible to do the work today and eat tomorrow. For them it is not a question of skipping stages. In doing what they do, they reject the right to ease. They have chosen to invest in production rather than to speculate in land or real estate. It is they who are truly creating the wealth of the country.

The majority were born toward the end of World War II, or in the decade which followed. They took charge of the fate of their own enterprises, roughly speaking, in the 1970s.

Whether it was a question of a small empire or an undertaking of still modest size, it mattered little. It was the development alone—the impetus they generated—which counted. For despite the diversity in their experience, these leaders of a new generation resemble each other. It is no accident that by nature or by inspiration, they have made management a militant issue. Nor is it by chance that they have been relatively successful, generally speaking.

#### Nasr Eddine Santissi

Nasr Eddine Santissi is the prototype of the new Moroccan business owner. The uses he makes of his time suggest those overstuffed suitcases one can only close by sitting on them. After 4 hours in his office and three meetings, he pays a visit to a new factory, lunches on the run at the closest fast-food place (in this instance, an ice cream vendor in the 2000 Center in Casablanca), rushes to Rabat, where he spends 3 hours dealing with administrative problems, stops back at his office and then hastens to the secondary school his daughters attend for a schoolboard meeting. Finally, at about 9 pm, he goes to the dentist. How then does he still find time to meet with journalists (and very graciously, at that)?



Nasr Santissi, who is 42 and hasn't a single white hair, is a tall, dynamic, bearded man. Following his primary and secondary-school studies in Morocco, he earned an engineer's diploma at the ENSEEIHT in Toulouse and a master's degree in physical sciences in Bordeaux. After returning to Morocco, he joined the SMESI, a research company affiliated with the Moroccan Phosphates Office (OCP), where he worked for 6 years. He is one of those men for whom the law Moroccanizing the business sector opened up new horizons, enabling them to take flight on their own. Thanks to bank loans, he was able in 1974 to purchase 50 percent of the stock of a family company, the FEDELEC, which belonged to French citizens. At that time, the capital came to only 100,000 dirhams, and the turnover total to 2.5 million. The FEDELEC specialized in small electrical installations for local industry and construction. Between 1978 and 1980, the French owners sold the other half of the stock to the young businessman under conditions favorable to him, preferring, for the sake of continuity in the company, to surrender their shares to someone "in the business." In any case, they had had time to assess their young successor. In a period of 4 years, he had quadrupled the turnover, while the number of employees increased during that same time from 30 to 100. For Santissi, from the very beginning, set aside the cautious tactics of his predecessors and sought entry into ever larger markets. Contracts for the installation of electrical equipment are always allocated on the basis of calls for bids. Prior to 1975, the FEDELEC limited itself to transactions involving 400,000 dirhams. In 1978, it no longer found "deals" running to 5 million dirhams intimidating.

Self-financing allowed the FEDELEC to grow. Year after year, its profits were systematically reinvested. "We have never had recourse to bank assistance, except to meet our needs for working capital," the president and general director explains. "I grant you that this is perhaps not good management." The fact nonetheless remains that the FEDELEC today, the fourth or fifth-ranking enterprise in this sector depending on the year, is a business on a different scale. It has expanded its know-how by developing along three distinct lines—electrification of industrial installations, whatever their size, an activity accounting for 20 percent of the turnover total; interior electrical installations for large hotel and residential complexes (15 percent of the turnover total); and "major projects," in other words, the electrification of previously unequipped zones, in the southern part of Morocco in particular, accounting for 65 percent of its activity.

The turnover total today has reached 29 million dirhams. The FEDELEC employs 250 individuals, 150 of them permanent staff. The only concern of the president of this enterprise of medium size is the collection of monies due, always a problem when one deals extensively with the state. In fact, nothing remains for this business but to progress to the next stage—exports. After a rather inconclusive venture in Saudi Arabia, Santissi is studying bid solicitations in Senegal, the Ivory Coast and Cameroon.

While following the development of FEDELEC, Nasr Santissi provided it with a younger sibling with the establishment of another small-to-medium enterprise, the General Glazed Wire Company, based in Sale, which was organized 3 years ago in collaboration with the French General Electricity Company (CGE) group. This new company produces glazed wire for coiling. It employs 25 persons, and in 1986 had a turnover total of 16 million dirhams. But it had barely become operational when our "businessman-commando" launched a unit for the manufacture of electrical wire, the FAST, together with three other young engineers.

The secret of Nasr Santissi's success lies first of all in a new approach to problems. From the moment he joined the FEDELEC, he rationalized project work sites, analyzed key phases, "Taylorized" the various tasks, and established compulsory project planning. Naturally, the result was savings—the average time required for project work sites has been substantially reduced—while at the same time the FEDELEC gained an outstanding reputation as an enterprise capable of fulfilling its commitments. On a parallel basis, he turned more frequently to innovation. Nasr Santissi was the first to introduce the famous Pesci telescopic crane for hoisting poles into use in Morocco.

But he placed priority reliance on men. He pushed them toward multiple capabilities, won their loyalty by making them the beneficiaries of social advantages far beyond those commonly enjoyed in the competing enterprises, and he recruited a galaxy of young people. The average age of the employees at the FEDELEC is under 30.

Above all, Santissi made a point of surrounding himself with team members. He "installed" young holders of degrees, entrusting them with responsibilities from the very outset, while urging them to be exceedingly modest. "At the beginning," he told them, "the foreman at the work site knows more than you do. Watch him, accept his method and master it better than he has, and then you can very gradually begin to introduce minor rationalization measures." What he wants is to create a "commando unit," a team of four or five technical-commercial engineers like himself, ready to take over from him, as if it had already been planned. For this is one of the traits shared by these businessmen of a new kind. Unlike their predecessors, they are persuaded that management should not be in the hands of a single individual.

The future commando team (already involving two individuals) would perhaps make it possible for the businessman to withdraw. For when one works without a break, when one spends 15 or 16 hours away from home, and when one organizes new activities while already thinking of other projects in the planning stage, it sometimes happens that one contemplates existential questions.

"Fortunately, if my work throws me out of balance, my wife puts me back in," this businessman asserts, smiling. However, she has experienced the same infernal rhythms—imbued with the same hunger to create, she has opened her own pharmacy in a suburb of Casablanca, based on plans drafted within the family.

#### **Abdellatif Bel Madani**

Abdellatif Bel Madani would have liked, beginning many years ago, to have been a businessman in the fullest sense of the word—that is to say a general director who is also a stockholder. However, he is only the manager—but what a manager!—of the main enterprise he heads, NRF, which specializes in the manufacture of automobile radiators. Moreover, a short time ago he acquired 50 percent of the capital stock of a shareholding company established with NRF stockholders, which is designed to head up some of the diversified activities of the group (to date it includes a number of affiliates, including Actimat, a company which imports irrigation pumps, and Maroc Label, an international trading company). However, Abdellatif Bel Madani has for 8 years been the full-fledged boss of the NRF. Thanks to him, it has joined the group of "third-category enterprises."

It is true that its director has a certain charisma. He is, and visibly so, a fighter; he tends to go to extremes and is sometimes insolent—or at least he had that reputation at the beginning of the 1970s, when he headed the accounting department at Nestle of Morocco. When one of his superiors, astonished when he saw him carrying his jacket over his shoulder one day, said to him rather curtly: "Mr Bel Madani, you are forgetting that you have responsibilities," the man he was addressing answered without batting an eyelash: "Is it a fashion plate you want, sir, or someone who will do the work?" Formerly a broker at the OCP, he stayed with Nestle 5 years, and then spent another 5 with the SOMIPA as administrative and financial director, before joining the NRF in 1979.

When this expert accountant of 44, a graduate of the Commercial Studies Institute in Grenoble, describes himself as a "funny kind of employer," he is referring first of all to his methods. It is true that they are unusual. He rejects relations based on hierarchy and the chain of command. He feels that any workman should be able to talk with the president, if necessary. It has happened that he has imposed penalties in favor of the workers and against their superiors. For from the very beginning, he has made a point of establishing a "contract of trust" with his personnel. The results were not long in coming. While prior to his arrival, the NRF was routinely on strike for more than a month every year, it has now become a model of social peace. The people there are paid better than those elsewhere, and the turnover is minimal. But for the wage earner, every advantage has its counterpart. Anyone who does not meet his commitments will be dismissed without any special consideration. Each worker must know what he wants. It is impossible, for example, to resign one day and to change

one's mind the next. "When everything was made clear on both sides," the general director insists, "everyone rolled up his sleeves." In order to make a judgment, let us note that between 1981 and 1987, the turnover total increased from 27 to 90 million dirhams, while results developed at the same rate (profits increased from 20,000 dirhams in 1981 to 6 million in 1985). Profits for 1987 will be close to the turnover total for the year Bel Madani came on board. "Today we are the only radiator manufacturer offering such a flexible range. We can produce 400 to 600 different models, and no one else can match our response time." It may seem surprising that in a free-falling sector (in 1977, Morocco produced 25,000 new vehicles, while in 1987 it produced only 12,000), the NRF has seen exponential development. In fact, there is no miracle here. The enterprise more than doubled the export aspect of its activities in 9 years. Exports account for four fifths of its activity today.

But radiators were not enough for him. Under the tutelage of its leading executive, the NRF has diversified, with the establishment in 1984 of Tan Tan Sardines (which produces fish-protein concentrate) and Tan Tan Equipment Construction, and then in 1985, a data-processing service company.

In the opinion of Abdellatif Bel Madani, the principal obstacle to the harmonious development of Moroccan businesses is not, as all of his colleagues say, burdensome administrative processes or fiscal problems, but the lack of information. "How is an investment in an aggressive commercial policy possible when one only learns of what is happening at the last possible moment?" In his view, if Bernard Tapie has succeeded so well in buying out businesses in France, it is because he had privileged access to information sources. "And also," he adds, "because he was able to gather a real team around him."

The key word has been spoken—for Bel Madani as well, it is the team, not the man, which has "succeeded." In fact, he is backed by three directors between 32 and 35 years of age, all of whom are university graduates. "One of the common errors of the entrepreneurs you term 'classic' is their fear of surrounding themselves with people more competent than themselves. They are afraid of having to explain themselves and, by doing so, of placing themselves in an inferior position. This, they believe, would challenge their leadership." It is thus because they are vulnerable that they concentrate all the power in their own hands and put the very life of the enterprise at risk.

Bel Madani is an advocate of assigning responsibility and of the new management methods—brainstorming and workshop conferences, and soon, quality control boards. He has hired many young graduates based on a "feeling." "At the extreme, I want to be able to choose the color of their eyes," he says. Contrary to the common practice elsewhere, being recommended is a handicap in getting hired at his enterprise.



The boss at the NRF is resolutely optimistic about everything he undertakes. "In the year 2000, Morocco will be home to 50 million souls. There is, therefore, a market. The labor here is skillful, industrious and loyal, relatively cheap and not overly demanding. All of the branches bear rich fruit. Any enterprise which is managed at all well should succeed." One could begin to dream....

#### **Ahmed Ben Mohamed Sabri**

Ahmed Ben Mohamed Sabri, another representative of the new "race," is the president and director general of the Sabri Fish-Processing and Canning Company (SCCP-Sabri). To say that this is a family business is something of a euphemism. Two of Ahmed Sabri's brothers, Brahim and Omar, are the deputy director general and plant director, respectively. Their father, who founded SCCP-Sabri together with Ahmed in 1965, has remained an adviser.

But family-managed though it may be, this business is far from a traditional one. Its phenomenal expansion bears witness to this. Its production units, based in Safi, are currently producing 190,000 cases annually (a case contains 100 cans of sardines) and employs 292 persons, 88 of them permanent staff. At the beginning, 72 people produced 11,000 cases.

Ahmed Sabri, who is 42 and has an open and amiable face, as well as his share of dynamism and to spare, is a graduate of the Moroccan Commercial Institute and the Business Management Training Institute in Lausanne. "But diplomas are not important at all," he says. "It is motivation, the desire for profit and business flair alone, which will cause you to succeed." In his view, the great boom began with the dismantling in 1984 of the OCE, which he nicknamed the "Foreign Trade Obstacle."

He was one of the first in the canning industry to prepare for the new era and to set up his own system of marketing abroad. Today, he obtains 91 percent of his turnover total from exports (of which 37 percent are to French-speaking African countries, 21 percent to the Middle East, 17 percent to Western Europe and 6 percent to the Eastern countries). He loves to travel and says he is always amazed when again and again, he encounters Moroccan businessmen in all the hotels in Africa. "This too is new and very significant," he emphasizes.

The profits of SCCP-Sabri have consistently, in recent years, exceeded 1 million dirhams, with a steadily advancing turnover total, close to 30 million dirhams last year, and a gross margin of 30 percent. The goals of this young president and director general are no less ambitious. He is planning to achieve a turnover total of 40 million dirhams by 1990.

How does he manage, when a can of sardines sells for less than a newspaper at the supermarket? Manufacturing costs have indeed declined considerably, thanks to increased productivity. But there has above all been competition—not always healthy, at least for them!—among the producers.

Last year, market anarchy developed to the point that the Moroccan fish-canning and products trusts—ASO-NAP and FIPROMER—decided in an innovative move to establish an OPEC for the canning industry. They established a base price of 135 dirhams per case to remain in effect until the middle of 1988. "This was vital," the president and director general of the Sabri canning enterprise explained. "The customers were not even mainly concerned with the level of prices. What they wanted was to be sure that it would not change."

Like Ahmed Sabri, the entrepreneur of the new generation is less individualistic than his elders. In another era, each one found his own solution and preferred to content himself with a lower level of performance, rather than share with others. Today they are showing evidence of community spirit when it comes to resolving the problems—fiscal, legal, or, as is the case here, those inherent in market organization—facing the industry as a whole. This is doubtless also the reason they sometimes go to extra trouble.

The problem which seems of greatest concern to the canners for export today is none other than the difficulty their African customers have in obtaining the foreign exchange they need to pay for their purchases. Dispatching goods against documents is extremely risky, moreover. "There is no COFACE such as France has in Morocco, that is to say export insurance covering all risks," this businessman says. "If it were otherwise, I would triple my sales in Africa tomorrow." Such a state shareholding company might see the light of day this year, it is rumored. He says that "This would be our finest gift since the dissolution of the OCE."

Sabri as well shows fine optimism. He is persuaded that "If Morocco takes care of its 3,400 km of coastline, protects its maritime assets and exploits them sensibly, it could obtain more foreign exchange from this source than from phosphates."

#### **Mohamed Laraki**

Mohamed Laraki, who directs activities which sometimes parallel those of his colleague Ahmed Sabri, although on a very different level, shares this manner of viewing things to some extent. He is the president and director general of the Moroccan Fishing Omnium (OMP), and thus the most important of the Moroccan builders of fishing vessels for use on the high seas. He is also and above all the promoter of the integrated Tan Tan complex which began operations in 1985. It includes a ship repair yard, a fish processing plant, a cold storage

warehouse, a factory specializing in polystyrene packaging and another which produces fish meal. These installations have made it possible to repatriate the Moroccan fleet based in Las Palmas, and thus to effect substantial foreign exchange economies for the country.

Although it is whispered that the complex has fallen far short of the planned yield and is not as profitable as was hoped, the company is, as its president and director general says, "still young, and still in the midst of the expansion and investment processes." Moreover, it is indeed true that the OMP investments have enabled the state, which provided it with extensive aid in building the port and certain of the Tan Tan infrastructures, to kill two birds with one stone, by making it possible to exploit the halieutic assets, which had previously been to some extent "abandoned," for lack of resources, to the trawlers flying the Soviet or Japanese flags, while at the same time creating a veritable pole of attraction in the deep south, at the threshold of the Sahara.

Mohamed Laraki, who is now 42, got his start in 1973, like so many others, thanks to the Moroccanization law. He is convinced that his great good luck, in terms of the banks as well as his personal experience, was that he "began very small." In fact, his first step was to take control of Univers Motors, a small company importing BMWs and Hondas and employing 70 persons. He then established an assembly plant for Toshiba television sets, later a unit for the production of metal frames, and finally, the OMP, which alone had a turnover total of 295 million dirhams in 1985.

Laraki holds all of the capital for the group, which employs almost 2,000 people. This is not the situation with the large-scale new companies he is establishing today. Arab participation, by the Saudis in particular, has allowed him to make a change in scale. He was chosen by the stockholders to head the Arab Fishing Investment Company, which will finance the top-of-the-line canning plant (skinned and boned sardines) which will soon be commissioned in Tan Tan and will complete the OMP complex. In addition, Mohamed Laraki has many other projects up and down the line from his current fishing activities. For example, he is already planning to produce fillets, which would enable Morocco to effect new foreign exchange economies and would further free it from dependence on Asiatic producers.

If one asks this astonishingly successful businessman what school he attended, he answers "the great school of professional life," with a smile and a touch of irony. And he adds: "If I had diplomas myself, they could not make me any more successful. My colleagues, for their part, have stacks of them. That's the main thing!" To be able to surround oneself with the right people, even though one is personally working 18 out of every 24 hours, is the first of his "secrets." But he is also an advocate of "Japanese-style" management. He hopes that his employees "will wear the uniform of the enterprise until

the end of their lives." Well-paid and concerned with the progress of their company, they did not even balk, if he is to be believed, when some of them had to be "exiled" to Tan Tan.

#### Mohamed Benzit

However, it is not necessary to be at the head of one of the leading groups in the country to have a pioneering spirit and to have more than one string to one's bow. Mohamed Benzit, an agronomical engineer who is 43, was, to begin with, one of the first in Morocco to introduce micro-irrigation, 9 years ago. Heading a small company called Kettara which employs some 20 individuals, he achieved a turnover total of 10 million dirhams every year by selling and installing irrigation systems which are veritable precision tools, such as drip systems, to the "best farmers" in the country. He estimates the potential market for micro-irrigation in Morocco at 8,000 hectares, whereas at present, only one farm operation out of 10 has such equipment.

As happens with all of these decision makers who "think big," the role of sales adviser soon ceased to be enough for him. Mohamed Benzit, in his turn, wanted to produce. And he can bear witness to the fact that a modern agricultural enterprise is managed exactly like its industrial counterpart, with the same strategic imperatives, the same financial concerns, the same human problems and the same rigorous requirements. The experience he acquired in the few years he spent with the OCE enabled him to develop export activities rapidly. They alone suffice to enable him to obtain bank credit relatively easily. He purchased four farms in the Taroudant region in the still recent past, when the price of land was still within reach. He completed his domain by leasing parcels he could not purchase, and since then has been producing mainly citrus crops.

In his view, the main agricultural problem is staffing. In order to implement the most innovative operational methods, he needed young people. "But the educational system is still not close enough to the consumers," he says. "Thus I developed a double organization in order to utilize and complete the training of my young graduate cadres. In the vertical structure, I put a manager who is an experienced man capable of management on a daily basis and of resolving human conflicts at the head of each farming area. In terms of horizontal structure, that is to say for each of the crops, I appointed a young graduate technician to supervise a number of farms with a given type of production. One innovation we have effected, for example, is the marketing of a new variety of peach."

The farm turnover total comes to 5 million dirhams at present, but it will be doubled between now and 1995, and that despite the gradual closing of the European market, which accounts for approximately 60 percent of the group's exports. The balance of the citrus products go to North America, the Middle East and the USSR.

Benzit believes that he owes a great deal, as the head of an agricultural enterprise, to his small irrigation company. "This first activity allowed me to make the acquaintance of the most efficient farmers in the country. They allowed me to profit from their experience and their professionalism."

Today, apprentices are competing for positions on his farms. "Farmers often complain that young people don't know how to do anything, and when a young person arrives, an effort is made to catch him out instead of passing knowledge on to him. On my farms, an effort is made to aid the young people and to entrust them with responsibilities quickly." It is in no way surprising that this works.

The old generation of employers, who to a certain extent remained "landlords" even when they were bankers or industrialists, are a vanishing race. With the advent of new technologies and young cadres capable of putting them to use, as well as an international environment which requires "transparency" with regard to domestic realities, the entrepreneur of tomorrow will have to be ever more like a Santissi, a Benzit or a Bel Madani.

It is no accident that the majority of the representatives of the new race have computerized their management activities or are preparing to do so. They are not fanatics about secrecy. Whatever the sector in which they operate, they resemble brothers—they make of innovation a state of mind, of internal communication a second nature, and of team spirit a "must." In other words, none of them suffers from the "fear of the heir apparent," that almost incurable disease which so paralyzes the entrepreneurs who are unable to question themselves, but which is nonetheless so common. Quite the contrary—they want the structure to which they have given birth to be able to live when they are not there, and after they are gone, without them.

If they are successful, it is not because profit is their only goal in life. What interests them is the challenges, the desire to outdo themselves, to reach farther in all realms. They are enthusiasts with their heads full of plans. And what does it matter if they often go off the track? It is already thanks to them that Morocco is moving forward.

5157

## SAUDI ARABIA

### Industrial Development Bank Finances Projects

44040141a Kuwait AL-SIYASAH in Arabic  
25 Feb 88 p 12

[Text] The Saudi Fund for Industrial Development loaned a total of 1,298,292,000 Saudi riyals to finance 25 industrial projects sponsored by investors from member countries of the Gulf Cooperation Council (GCC), according to a letter to GCC secretariat from the Saudi Ministry of Finance and National Economy.

Released by the secretariat today, the letter said that since the decree was issued [as published], no Gulf citizen has submitted a formal application to the fund to finance an industrial project in the kingdom. Therefore, no loan has been extended so far to any individual Gulf resident in light of relevant guidelines from the Supreme Council. The fund, however, had previously made loans to several projects in the kingdom which had Gulf shareholders.

The GCC Supreme Council, at its seventh session held in Abu Dhabi in November 1986 as the Abu Dhabi summit, had issued uniform rules that Gulf investors be treated as nationals when seeking loans from industrial development funds and banks in GCC countries.

12945/9274

### New Electrical Power Projects Implemented

4404014b Jeddah AL-MADINAH in Arabic  
5 Mar 88 p 1

[Article by Ahmad Sa'id Muslih]

[Text] King Fahad bin 'Abd al-'Aziz, custodian of the two holy mosques, has directed that 2,000 riyals be allotted for new power projects in various parts of the kingdom. One of the most important of these projects is to tie smaller systems to central grids and to develop existing power plants in certain towns and villages. Another is to make power available to remote villages and new areas to the benefit of some 200,000 new subscribers. The funds will also finance new studies and field surveys of the needs of various regions over the next decade.

Seven central power systems already operate in al-Bahah, 'Awsir, Jizan, al-Kharj, al-Qusaym, al-Jawf, and Nijran. These systems have been inter-connected at a cost of 4,489 million riyals and now serve 448,000 subscribers in 1,658 towns and villages. Small power systems already completed cost more than 5,000 million riyals.

12945/9274



## AFGHANISTAN

### Private Sector Investment Increasing

46650007 Kabul HEYWAD in Dari 25 Feb 88 p 2

[Text] At the present stage one of the distinguishing characteristics of our national economy's progress and development is the issue of participation of the country's entrepreneurs in the very process of national economy. This matter, particularly after the announcement of the national reconciliation policy, has enjoyed remarkable distinction, whereby the convention of the first private conference of the entrepreneurs from all over the country paved the way for mutual cooperation between the government and private sector. With the creation of the Economic Advisory Council and other similar organs which coordinate government's economic relations with those of the private sector, participation of the national entrepreneurs in the development of our country has entered a new phase. Most certainly the scope of economic activities of the private sector is quite extensive and varied. This sector is active in the field of industry, commerce, agriculture and other economic services. However, the key issue here is the creation of the mechanism and other facilitating means so as to organize and increase the economic and financial capabilities of our national entrepreneurs in the area of industrial investment.

In the first place, this matter will depend on the help and assistance of government's economic organs and institutions which will have an important role in the aforementioned objective. In this connection we can name the Industrial Development Bank. We've had an interview with a responsible source from the said bank which will appear as follows. The goal of the Industrial Development Bank is to provide financial assistance for the creation and expansion of government and private industrial enterprises. At present many of the private industrial institutions take advantage of the Industrial Development Bank's credits. For instance, during the first nine months of the current year the aforementioned bank granted over 290 million afghanis in loans to the private industrial sector. This amount comprised 70 percent of the total investment of the enterprises in question. Likewise, about one-quarter of the above-stated total loan comprised six percent of investments of the small industries and ten percent of the medium-sized enterprises.

After holding the first conference of private entrepreneurs, the Industrial Development Bank took noteworthy steps in keeping with the decisions of the said conference so as to help and assist the private sector. Among these measures one can mention the creation of specific facilitating means with regard to providing easy-term loans and cooperation with the General Department of Chambers of Commerce and Industries concerning a series of projects which are going to be put into operation with the assistance of the friendly country of

the Soviet Union. Also one can mention further technical and professional cooperation provided by the aforementioned bank for the private sector.

As it was mentioned at the outset, the significant point in this regard is the role and importance of the Industrial Development Bank's assistance concerning the industrial investments of the private sector. Here it should be noted that after proper study and precise investigation with regard to the viability of a project, loans are granted. In other words, the bank's financial assistance, in the first place, must be extended toward those industrial projects which play an important role in meeting the industrial needs of the society.

During last year creation of certain facilitating measures brought about by the DRA encouraged our country's entrepreneurs to make investments in industrial projects. These measures bespeak of hopeful signs of activity in the private sector and thus the prospect of our national economy seems to be far brighter than before. There is every hope that with the realization of a victorious peace in the country and the ever-increasing assistance of the Industrial Development Bank, through creation of proper legal and economic guarantees for the private sector with the supervision of the government, certain socio-economic deficiencies of our society could be eliminated.

12719/9738

## INDIA

### Rama Rao Interviewed on Achievements, Corruption

46240015 Calcutta RAVIVAR in Hindi  
20 Feb 88 pp 20-21

[Interview with Andhra Pradesh Chief Minister N.T. Rama Rao by Kumaran]

[Text] [Question] The Telgu Desham Party has completed five years of rule in Andhra Pradesh. How do you view it? How is it different from the previous Congress government?

[Answer] Life means struggle. Whatever result we get out of this struggle is our achievement. Whatever results the Telgu Desham Party has got as a result of its tireless efforts during the last five years are our biggest achievements. In this state we have more achievements to our credit than the Congress governments. Our party has initiated the largest number of schemes for the poor which proves that we have fought a tough campaign for the eradication of poverty during these years. In social welfare our performance has also been satisfactory.

Since independence every citizen has had the right to lead a prosperous and full life. It is the duty of the government to protect the rights of people. To provide the modern individual with food, clothing and shelter is

the first duty of every government. The Telgu Desham Party left no stone unturned in order to ensure these three necessities to the poorest of the poor. Rice at the rate of two rupees per kilogram, clothes at concession rates, and over 5 million brick houses have been provided for the poor and the weak. Four universities have been started during the five-year rule of the Telgu Desham. Four universities, an open university, a women's university, a Telgu university (which has promoted our mother tongue) and a medical university are our party's gifts. We plan to open a fifth university in the form of a rural university. I hope that this fifth university will open soon. Our state is also the first state to start an open university. Various pension schemes have been instituted for the benefit of the aged. New policies and new procedures have evolved to encourage cooperative industries. We have initiated decentralization of authority by holding elections to boards and district associations. This decentralization was advocated by our country's great leader, Dr Ramanohar Lohia. This has been implemented in our state. Plans have been instituted for giving various awards to farmers in order to make them take up new farming methods. New programs have been started for distributing seeds, fertilizers, and insecticides. We have also taken steps to end the practice of indentured labor. The practice of passbooks for farmers has been started.

We have also taken a lead in reforming election practices. In order to reduce the influence of money and might, we made new plans so that people's voting rights and their freedom of expression will be safeguarded. Our state is the first in the country to bring about changes in the local elections. Democratic principles and ideals are given full respect in our party. My government and my party will make every endeavor to see that we should fully prepare ourselves for the welfare of the masses and thus take them onwards on the path of prosperity. We are also the first to send doctors to villages. Our government appointed doctors directly to villages. New steps have been taken to provide medical facilities in rural areas.

[Question] Next to the Congress your party is the largest in the Lok Sabha [lower house of the parliament]. What is your comment on its performance as a major opposition party?

[Answer] I am satisfied that our party has successfully carried out its duties as a national level opposition party. Our party raised its voice on issues like Fairfax, purchase of submarines, and bofaras. During recent years, our party has brought to the notice of parliament various problems that arose from time to time.

[Question] The state's economy has received a jolt because of the two rupee per kilogram rice policy and other such programs. This is what the Congress says. The Congress has also charged that the treasury of the state is in a precarious condition. What is your response to it?

[Answer] This is a baseless charge. How can you say that due to economic pressures the state government has put off or suspended any plan or policy. Right in the beginning our overdraft was slashed. This is proof that their (the center's) attitude toward us has always been regrettable. They (Congress) put political hurdles in every matter. Being afraid of the truth, the congress Party is talking nonsense. They say that we have exceeded the limit on overdraft. But not a single one of our checks has been dishonored. Therefore how can they say that we have crossed the limit. This is utterly false, this is a conspiracy to defame. They (Congress) want all those state governments where the Congress is not in power to remain unstable and to be in disrepute. This is the Congress policy.

[Question] In spite of your promises and attempts to control corruption, graft has grown in the state.

[Answer] This is a legacy of the congress culture. My government is fighting to eradicate corruption. It will naturally take time to emerge from these evils. This evil has flourished for many years. It will surely take time to uproot it.

[Question] You have previously claimed that your political mission is merely public service. How is this service different from that of Congress?

[Answer] When, after 35 years of Congress rule in my state, the people lost all their confidence in the Congress, only then did they elect me and my party as their servants. We have not forgotten the promises we made. Does this not set Telgu Desham apart from the Congress culture?

[Question] During the first year of your rule, you were not charged with any count of corruption. Now the situation is completely different. You are completely submerged in allegations. Even the Supreme Court has validated these charges. What is your opinion in this regard?

[Answer] (Exploding with laughter) You are merely describing it as a charge. This is not just a charge, there is much in its background. Let me say this much: If I myself do not remain pure in public life then what can I expect from others? I have not come for the sake of making money or for the sake of pleasure. This was available to me in abundance even in my film making. I entered politics after leaving money, pleasure, and my family. I'm alone. I have no enemy (?). I am serving the people of the entire country. I draw no salary. I travel in my own car. I live in my own house. I have no means of luxury. I'm dedicating my entire life to public service. I have forsworn all relationships. I am free of all ties and attachments.

[Question] But Mr Ramrao! People in the cities are comparing your administration with the corrupt administration of Chenna Reddi. They believe these allegations.

[Answer] Truth will be its only answer. I will not say anything more to you on this subject. Truth cannot remain hidden or concealed for very long. He who has the courage shall know the truth.

[Question] Your popularity has surely declined. (Interrupting)

[Answer] No! This is all rot. I ask that you come with me and see that my popularity among the masses remains as it was. Even today you can feel my unlimited popularity. Does not the overwhelming number of people who participated in the fifth session of the Telgu Desham prove that even today I retain mass support. In comparison with the last session twice as many people came this time. They showed me abundant affection.

[Question] Without your leadership can the Telgu Desham Party survive?

[Answer] This is a hypothetical question. This question does not arise. I am still here and the Telgu Desham has complete confidence in me. Therefore this question does not arise.

[Question] As is the case with other political parties, there is no second line of leadership in the Telgu Desham Party. What are you doing about it?

[Answer] I do not think there is any need to dwell on or to worry about it too much. It will emerge automatically. People come and people go. Similarly, the second line of leadership will also emerge on its own.

[Question] You often make attempts to produce unity among the opposition parties. What success have you had in this so far?

[Answer] I am grateful to all non-Congress opposition parties that whenever I invite them, they agree to sit at a common table and deliberate. Achievements have always graced my company. I hope that sooner or later we will succeed in this as well. All non-Congress parties meet, exchange views, and develop political strategy. At least this much closeness and meeting of minds has come about.

[Question] What is the progress of your film 'Maharishi Vishwamittar'?

[Answer] The work on the scenario is finished. This film is being made in both Hindi and Telgu.

[Question] But the heroine for the film has not been announced. There must be a heroine in the film.

[Answer] There will be many, they are waiting for me. I myself will make the decision.

[Question] You once announced that your son and the film actor Balkrishan will be your political successors and you have also withdrawn this announcement. What is your feeling about it?

[Answer] This is not a dynasty, dictatorship, or monarchy; this is a democracy and the people themselves are best qualified to elect their representative. It is for them to decide who their leader will be.

[Question] What are your future plans?

[Answer] I never think about my future. God settles it. Therefore I pay much of my attention to my services alone.

12286/9738

## IRAN

### Delegation in Sweden To Purchase Long-Range Missiles

46400101a London KEYHAN in Persian  
10 Mar 88 p 11

[Text] An Iranian delegation recently spent a week in Sweden to negotiate the completion of the Esfahan military factories, the manufacture of long-range missiles and most likely the purchase of ammunition.

This delegation, four military personnel and three civilians, arrived in Sweden on schedule last week and was guided directly to Karlskoga. The delegation stayed at the Alskandik Hotel.

The city of Karlskoga is a major center for the Bofors arms manufacturing factories and is the headquarters of the Nobel chemical company.

According to military experts, these missiles are the most accurate and dangerous missiles available in the world, because they are equipped with precision electronic and computerized targetting equipment. For this reason, the United States is particularly interested in this type of missile.

For quite some time, there has been a great deal of speculation among various officials, particularly Swedish correspondents, about whether or not Iran has these missiles. In fact, one of the correspondents of the well-known DAGENS NYHETER traveled to the United States. His visit resulted in the publication of an article in DAGENS NYHETER which concluded that the officials of the State Department and Pentagon do not believe Iran has such missiles.



Also, the Swedish government announced two months ago that it has commissioned a delegation to go to purchasing countries to see whether or not the missiles are being stored in those countries. Also, according to available documents, such missiles have not been sold to Iran.

Sources say that documents available at the office of the chairman of the U.S. Senate Foreign Relations Committee indicate that Dubai, Bahrain, and Pakistan have purchased 300 of these missiles from Sweden. These documents also show that of this number, about 90 missiles were sent to Iran.

The officials of the Bofors factories announced that they have sent a large number of these missiles to Singapore, through the Bofors office in Singapore and with the help of the government of that country. Hence, it cannot precisely identify the purchasing country.

But Swedish officials, particularly government officials, do not believe the published documents. They say that the number of missiles must be inspected by Swedish inspectors in the countries that have purchased them in order to determine what country might have violated the purchasing agreement.

Mr Olof Rydick, the chairman of the committee investigating this matter, announced explicitly in a press conference that governments which have purchased such weapons from Bofors companies are not interested in letting the committee learn about missile purchase procedures and letting the committee count the existing missiles in their warehouses.

While the issue of the sale of Swedish missiles has seriously involved the political and economic officials of that country, the issue of the sale of Swedish speed boats has also created a heated debate, because the United States has explicitly asked the government of Sweden to stop selling any kind of speed boat to Iran.

This discussion was still under way when Swedish newspapers suddenly announced that a seven-member Iranian delegation had secretly arrived in Sweden and had gone directly to Karlskoga to negotiate with the officials of the Nobel chemical company.

It has been said that the above-mentioned delegation, in addition to purchasing ammunition and most likely a large number of speed boats, will negotiate with Swedish officials. The delegation will also try to obtain an agreement from the officials of the Bofors factories to build a missile production line in the Esfahan chemical factory, which became operational four years ago with the cooperation of the Swedes and the British.

Aware of the presence of this delegation, Iranians living in Sweden who oppose the regime held demonstrations on February 14 and February 17 in front of the hotel lodging the Iranian delegation.

The demonstrators carried signs bearing the slogan: "Stop the sale of any kind of weapon to Khomeyni."

Mr (Ber'il Jonson), the general manager of the Nobel chemical factories, at the insistence of the marchers, was finally forced to respond to the representative of the Iranian opposition. He announced that the delegation was not negotiating new purchases but was interested in carrying out the old contracts.

He said that the delegation had begun certain negotiations about the Esfahan factories, which were also of interest and had been discussed earlier.

The delegation will stay in Karlskoga until February 19 and will depart after visiting several factories. In previous issues of KEYHAN, we reported the existence of at least 90 Swedish-made missiles in Iran.

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#### Illegal Gas Sales to Turkey Reported

46400101b London KEYHAN in Persian 10 Mar 88 p 8

[Text] Under Iran's present circumstances, with the continued coupon rationing of gasoline, a Majlis representative revealed that 'Ata'i, the governor general of western Azarbaijan, has illegally sold 470,000 liters of gasoline to Turkey.

'Ali Kamyar, the Majlis representative of Reza'iyyeh, protested this violation by the governor general of western Azarbaijan in an open session of the Majlis on 28 Dey [18 January]; but the interior minister, Ayatollah Mohtashami defended the governor general of western Azarbaijan and said that 'Ata'i has rendered a great service during his tenure in western Azarbaijan. Mohtashami avoided responding to the main point, the illegal sale of gasoline to Turkey, given the present crisis in the country, and could not justify the illegal actions of the governor general.

It should be noted that the Islamic Republic has rationed gasoline for automobiles for a long time now, due to shortages, each car receiving only 30 liters of gasoline per month. Meanwhile, the governor general of western Azarbaijan took the initiative to illegally sell 470,000 liters of gasoline to Turkey, without informing the Ministry of Petroleum.

Of course, the officials of the Islamic Republic have not revealed the details of this transaction, including the sale price and the likely use. This is what is meant by leaving the job to the experts.

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**Talabani: We Will Never Negotiate With Saddam**  
46190013 Paris LE MONDE in French 19 Mar 88 p 5

[Article by Jean Gueyras, special correspondent in London]

[Text] "Genocide to which the American people had been subjected is in the process of being repeated in Iraqi Kurdistan." On his way through London, Mr Jalal Talabani, one of the historic leaders of the Kurdish nationalist movement and head of the Patriotic Union of Kurdistan (UPK), the main Pechmerga organization of Iraqi Kurdistan, expressed surprise over the fact that international public opinion was not overly moved by what is presently happening in this part of the world.

He said, "We are witnessing the veritable destruction of everything that is Kurdish in our regions. In the space of this month alone the Iraqis used chemical weapons on 23 different occasions. Just 3 days ago, more than 2,000 Kurds, mostly civilians, lost their lives as a result of bombings with chemical weapons" carried out by the Iraqi air force in the Halabja region that had been recently occupied by UPK forces.

**An "Irrevocable Break"**

Within this context, does Mr Talabani approve of the remarks made by Mr Amin Noshilwan, UPK deputy secretary general, who had told us about a year ago that he supported "the dismemberment of Iraq into small states, Shiite, Sunni and Kurdish?" (LE MONDE, 16 April 1987). This statement had, at the time, caused a big stir in Iraq, even among the UPK allies themselves who saw in it a sort of clumsy provocation.

After some hesitation Mr Talabani vaguely answered as follows: "We are for the autonomy of Iraqi Kurdistan and for self-determination. If a democratic regime were to be installed in Iraq we would be ready to accept, together with it, a formula for a federation that remains to be defined. But if Iraq remains a dictatorship then we would opt for the establishment of an independent and democratic Kurdistan. Do not forget that part of our country had been awarded to Iraq by the imperialist states."

He continued, "We are against all forms of dictatorships. In this particular case, we are the victims of the personal power of President Saddam Husayn. The break between us and the number one Iraqi is definitive and irrevocable. We consider him a war criminal, and even if he changes his mind and proposes a formula for federation to us we will reject his offer. He must get out. All crimes committed in Iraqi Kurdistan have been on his orders and on his orders alone. Whatever happens we will never negotiate with him."

The UPK leader affirmed that at the end of February he had received a proposal from Baghdad calling on him to resume negotiations that began in December 1983 for

the purpose of revising the 11 March 1974 autonomy law that governs Baghdad's relations with the Kurds of Iraq. After 14 months of laborious discussions filled with many incidents the talks broke down in January 1985 at the very time they were at the point of succeeding.

Mr Talabani then engaged in a sort of self-criticism by admitting that, at the time, he had believed in the good faith of the Baghdad negotiators while the latter, he now admits, sought only to gain time in order to be able to better confront the main danger coming from Tehran. He, nevertheless, admitted that the UPK hoped, at that same time, to gain a truce to permit its units, worn out by the long struggle that they were carrying out without letup since 1975, to regain strength.

He, nevertheless, added that he was ready to hold talks with the Iraqis if the president were replaced by "somebody else." He said, "I am ready to resume negotiations broken off in 1985, for example, with Mr Izet Ibrahim El-Douri (vice president of the Council of Revolution, often considered as the number two man of the Baghdad regime) because I am strongly convinced that he does not agree with what is happening in Iraqi Kurdistan."

Mr Talabani insistently stressed that his hostility toward President Saddam Husayn was not dictated by some feeling of submission toward Tehran nor by the alliance he concluded in October 1987 with the Iman Khamenei regime that he had considered until then as being the true threat against the Kurdish nationalist movement.

After the failure of negotiations with Baghdad, he said, the Iranians offered to help us on condition that we rid our "liberated lands" of the various Kurdish movements opposed to the Tehran regime. He said, "We answered that our vocation was not to fight our Kurdish brothers and it took close to 2 years for them to get to understand this idea."

**A Purely Tactical Alliance**

Mr Talabani feels that the alliance concluded between the UPK, the Democratic Party of Kurdistan (PDK) of Massoud Barzani and the Iranians is of a purely tactical nature. He said, "We have the right and duty to ally ourselves with those who fight our enemies but without jeopardizing our independence. It is true that we no longer help our brother Kurds in Iran but we refuse to engage in warfare with them."

But how do you justify an alliance, even a tactical one, that denies the concept of autonomy on the pretext that it is incompatible with Islam? Mr Talabani answered evasively by stating that the Tehran regime does not engage in any anti-Kurdish excesses comparable to what is occurring in Iraqi Kurdistan and that his movement maintains complete independence even inside Iraq vis-a-vis the Islamics found inside the Supreme Islamic Revolutionary Council of Iraq set up by Tehran.

"The only Islamic organization with which we collaborate," he said, "is the Muslim Movement of Iraqi Kurdistan, a Sunni organization, independent of Tehran, that openly recognizes the Kurdish people's right to self-determination."

In conclusion, Mr Talabani bitterly regretted the fact that French officials did not grant him an entry visa to France. He said smilingly, after all, is not Mr Chirac a good friend of Mr Saddam Husayn? He also expressed the hope that persistent rumors concerning the construction of a new Iraqi atomic reactor, with the aid of French technicians, in Kurdistan, namely Karachuk, located between Kirkuk and Mehmur, are not true.

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**Young Shah Delivers New Year Message**  
*46400106a London KEYHAN in Persian*  
*24 Mar 88 pp 1, 12*

[Text] My Dear Compatriots

Once again the ancient Iranian New Year arrives in a flood of blood, fire and tears. Once again millions of our suffering brothers and sisters in the country welcome spring and the New Year with hearts filled with horror and sorrow.

Once more the regime of death and destruction has brought its bloody and demonic play to the stage to even make the joyous New Year a bitter experience for the nation, in an attempt to sever the ties of the Iranians with their tradition of thousands of years.

I know that your hearts, my brothers and sisters who are scattered around the world, are in Iran and you are more worried and distraught than ever for the sorrow and suffering that your beloved ones, your friends and your compatriots, must tolerate in these unpleasant days.

For this reason, as before, my New Year message this year is not a message of happiness and joy; it is a message of consolation and sympathy, a message of resistance and struggle.

This year, too, like nine years ago, in the ceremonies of the ancient New Year, more than anything else the renewal of the covenant to liberate Iran must be emphasized. New Year is the legacy [incomplete]

**My Dear Compatriots**

Your clear voice in sympathy with your captive compatriots resounds throughout the world.

Your voice protesting the crimes that are committed these days against the Iranian nation has broken the veil of silence.

Your voice condemning the war and the bombing of the innocent residents of the cities of the homeland has brought your hearts closer together and to Iran.

Your voice is the voice of Iran, the voice of millions of your compatriots who still do not have the freedom to shout at the usurping regime.

Your voice is a strong response to those who claim you have given up your efforts for Iran. It is a response to those who say others must take the first step to liberate Iran.

It is you, every one of you, who, with your voices, through your assemblies, demonstrations and protests, through your hunger strikes and your unity, give new life to the greatest enemy of Iranian history.

Greetings to you and your efforts, my compatriots.

Still, death and horror pour over the heads of your beloved ones, on the heads of people who fight on two fronts.

Your efforts to expose the crimes of the regime of Khomeyni, for the liberation of Iran and the establishment of peace and freedom, have set a new stage.

Not only must this effort continue but it must be expanded every day.

Do not forget the main goal of this effort. You are all children of Iran. The common enemy of all of you is the usurping, destructive regime and the common goal of all of you is the liberation of the nation. Do not allow your individual problems and differences make you neglect your common enemy and your common goal.

I ask you to better organize your lives and make use of them as much as possible. Be assured that your path is the path of Iran, the path to victory over the usurping regime.

Do not become weary. Do not allow despair to enter your hearts. Hold each other's hands tightly for Iran and raise your fists against the regime, because before it is destroyed, the Iranian nation will not attain any freedom or right.

**May God protect Iran**

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**Passengers Abroad Required To Pay in Dollar for Air Tickets**

*46400105b London KEYHAN in Persian 24 Mar 88 p 1*

[Text] Reports from Tehran indicate that the officials of the Iranian National Airlines (HOMA) have decided to sell tickets for flights abroad in U.S. dollars.



An official of the Iranian National Airlines announced last week in an interview that soon certain plans are to be implemented in regards to the self-sufficiency of the Iranian National Airlines. He added: The government of the Islamic Republic has reduced considerably its aid to the Iranian National Airlines and has asked "HOMA" to be self-sufficient. In this interview, he did not refer to the sale of tickets abroad by "HOMA" in U.S. dollars.

Last year "HOMA" initiated its plan to sell tickets for foreign flights in U.S. dollars for travel tours and group tours. According to this plan, passengers visiting India, Japan, China and the United Arab Emirates in groups have to pay part of the price of their ticket in dollars.

If the new plan is implemented by "HOMA," the restrictions on travel abroad for Iranians, which are considerable at the present time due to the problems with regard to visas from many countries, will increase. In addition, the rate of the U.S. dollar on the open market will increase even more. At the present time, with the discontinued flights to Tehran of foreign companies, Iran Air has the only flight abroad.

Foreign companies such as Lufthansa, Swiss Air, Austrian airlines and Soviet Aeroflot, before the discontinuation of their flights to Tehran which took place with the escalation of the war in the cities, sold their tickets in rials.

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#### **IRI Reportedly Beginning Production of Chemical Weapons**

46400105a London KEYHAN in Persian 24 Mar 88 p 4

[Text] For the first time since the war with Iraq, the Islamic Republic has officially engaged in the production of chemical weapons to use on the battle field against the enemy. Chemical weapons produced by the Islamic Republic will apparently be used in the major cities of Iraq, against the people of those cities. Some military experts believe that the leaders of the Islamic Republic are trying to fill the heads of the missiles used against Iraq with chemicals and launch them towards various targets in Iraq. The missile heads of the Islamic Republic are manufactured near the city of Damghan. According to information obtained by two analysts of the OBSERVER, the (London) weekly publication, an Indian company of the Federal Republic of Germany is engaged at the present in the implementation of a plan for the production of pesticides and insecticides near Tehran. The above-mentioned weekly journal has mentioned the name of the German Company as "(Lorki)" and has mentioned that the German "(Lorki)" Company is affiliated with the huge chemical industries of (Hofset).

Knowing that Iraq also has been able to produce destructive, dangerous chemical weapons by converting a pesticide plant, the (Lorki) company, signing a 44-month

agreement with the Islamic Republic, has begun activities to build a pesticide factory. A British engineering company called "John Brown" has also been invited by the German (Lorki) company to participate in producing some of the tools and machinery necessary for the pesticide production factory.

The OBSERVER analysts believe that the Islamic Republic certainly has the capability to produce chemical weapons. Iranian engineers assisted by the Chinese have succeeded in producing two kinds of land-to-land missiles.

According to calculations, the factories to produce explosive missile heads in Damghan have the capacity to produce five tons of chemicals per month. The chemicals produced in Damghan will be sent to Esfahan. Technical experts will place these chemicals in the missile heads and send them to special ports near the battle fronts to be launched at Iraqi cities.

The above weekly publication writes: "Even though it is still not clear whether the pesticide production factories in Tehran play an essential role in the production of chemical weapons by the Islamic Republic, it is, nonetheless, yet unclear to what use the products of these factories will be put after they are built."

#### **Western Companies Help the Production of Chemical Weapons in the Third-World Countries**

The Swedish institute for peace research published a report some time ago and, quoting intelligence sources in the United States, revealed that many Western industrial companies are involved in the production of chemical weapons in Third-World countries. (Donker), an expert of the international strategic research institute in London, believes that every pesticide production factory anywhere in the world works with materials that are used for the production of chemical weapons.

The weekly OBSERVER, quoting the spokesman of the German (Lorki) company, writes: "The Islamic Republic has the resources to produce chemical weapons, but it is unlikely for Tehran to engage in such an action." He added: "One of the reasons that would make it unlikely for the pesticide factories near Tehran to produce chemical weapons is that these factories are built near cities and residential areas."

Iraq, contrary to the protocol prohibiting the production and use of chemical weapons which was signed in Geneva in 1925, has used chemical weapons against the forces of the Islamic Republic and also the residents of the border cities in Iran since 1983. In order to produce this kind of dangerous weapon, Iraq has converted the chemical pesticide factories to produce chemical weapons. Many German production companies have assisted Iraq in converting pesticide factories into factories to produce chemical weapons.

According to existing reports, the officials of some of these factories are now being prosecuted by the Justice Department officials of the Federal Republic of Germany.

The weekly OBSERVER states in the conclusion of its report: Until some time ago, the Islamic Republic had officially announced frequently that it will not engage in retribution in kind against the Iraqis for their use of chemical weapons. Nevertheless, last December, Mir Hoseyn Musavi, the prime minister of the Islamic Republic, announced that his country has for the first time engaged in the production of "sensitive aggressive chemical weapons."

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#### **Large Scale Misappropriation of Money Disclosed at NIOC**

46400103 London KEYHAN in Persian 10 Mar 88 p 8

[Text] Following the escalation of the power struggle inside the regime, the case of the misappropriation and corruption of the minister of petroleum of the Islamic Republic was exposed. In the open session on 13 Dey 1366 [3 January 1988], in the report to the Majlis of the committee on Article 90, the wheelings and dealings of Aqazadeh, the minister of petroleum, and a number of his aids and the large-scale misappropriation and misuse by this group were exposed. Nevertheless, in the same session, since there is the question of the interests of the Islamic regime, the government and the high-ranking officials of the regime would also become involved, they avoided discussing the facts by merely stating that "there are other issues in this case concerning the misappropriation of the minister of petroleum and his aids which have not been mentioned due to certain expediencies."

In this case, which was discussed and marked secret and which bears the number 1821, concerning the violators, the misappropriation of treasury funds, and the misuse by the officials of the Ministry of Petroleum, Mohammad 'Ali Izadi, an oil company employee in Shiraz, and his wife, who also worked in that company, play an important role.

Mohammad 'Ali Izadi, who noticed the large-scale misappropriation by the officials of the Shiraz oil company in his jurisdiction, has had contact with the Friday imam of Shiraz and the revolution prosecutor of that city in this regard. Hence, he dares to report to the Ministry of Petroleum about the misappropriation by sending documents. But, contrary to his expectations, not only did the Ministry of Petroleum fail to pursue the matter, but it issued a transfer for him and his wife to Kharg Island. In other words, it exiled them. While serving in Kharg Island, Mohammad 'Ali Izadi reported the issue of misappropriation to Gharazi, the petroleum minister of the time, which resulted in the dismissal of only one deputy director of distribution, by the name of Ahmad Farajpur.

#### **The Result of a Big Mouth**

Mohammad 'Ali Izadi and his wife, who, according to the officials of the petroleum company, exposed the misappropriation and plunder, were transferred from Kharg to Bandar 'Abbas and then to Kish Island.

In 1365 [21 March 1986-20 March 1987], with the escalation of misappropriation and huge thefts in the Ministry of Petroleum, Mohammad 'Ali Izadi met with Aqazadeh, the minister of petroleum, and handed him the misappropriation documents and evidence. The documented evidence was sent to the office administrator of the minister of petroleum. However, not only were the documents and evidence destroyed, but the minister of petroleum, Aqazadeh, also ordered Farajpur, the deputy director for distribution who was dismissed by the former minister, to be reinstated and 'Enayatollah Eslamlu, the deputy director of the Shiraz oil company, who was implicated in this case as the leader of the gang, to remain at his post.

From this point on, the Friday imam of Shiraz and the revolution prosecutor of that city, who are in the opposition group, the Resalat group, entered the picture, and, with the help of Rahmatollahi, the security official of Shiraz refinery, issued thousands of forged documents and receipts for 2,000 liters of oil, kerosene and gasoline in the names of unknown persons and companies. Selling them in the chaos of the black market at a time when farmers needed only a few liters of these products, they misappropriated millions of rials and filled their pockets with huge bribes.

#### **Prosecuting the Rival Gang**

Following the prosecution of the case by the rival gang in Shiraz, a number of the officials of the Ministry of Petroleum in Shiraz, including Eslamlu, the deputy director of the Shiraz Oil Company, were sent to the prison. Finally, five of those arrested were sentenced to lashings, long-term incarceration and suspension from service. But the investigation of the case shows that this group and their case were linked to the capital, and according to the director of the Justice Department in Shiraz, the connections in the case are more important than the original perpetrators.

The revolution prosecutor of Shiraz instructed Mohammad 'Ali Izadi and Rahmatollahi, the security official, to pursue the matter and obtain more evidence. But upon the instructions of the minister of petroleum, they were prevented from entering the Shiraz oil company. When representatives of the prosecutor's office insisted upon entering the office of the oil company in Shiraz, the security guards pointed their weapons at them and warned them that they would fire if they took a step forward.

The report of the committee on Article 90 continues: This issue is an obstacle to the uncovering of the offense, resulting in the offenders becoming daring, and halting the procedures. In any case, since this band was supported in the capital, first, as a means to silence the petitioner, Izadi, and discourage him from pursuing the case, a promotion to director of the Shiraz regional office was offered him. But, since Izadi did not accept it, once more a decree was issued to transfer or exile him and his wife, to Zabol, to be transferred three days later to Iranshahr. Interestingly, one day later, that is, on 23/7/65 [15 October 1986], in accordance with the instruction of the minister of petroleum and the decision of the committee on violations, the charges were dropped and the case dismissed.

#### Cooperation with the CIA

The revolution prosecutor of Shiraz, who had now temporarily retreated from the rival gang, which included the minister of petroleum, complained in letters to the governor general of Fars, the revolution prosecutor's office of Shiraz, and the minister of petroleum about Izadi's cooperation with the Shiraz prosecutor's office to expose the misappropriation gang and his treatment and wrote:

"The gentlemen must understand that cooperation with the revolution prosecutor's office is not equivalent to cooperation with the CIA."

Despite all this, the Ministry of Petroleum did not pay attention to the protest of the Shiraz revolution prosecutor general, and after some time, on 20/11/65 [9 February 1986], Mohammad 'Ali Izadi was paid for his services and suspended, and this trouble-maker was removed forever. Then, 22 days later, his wife was also dismissed in accordance with the instructions of the minister of petroleum. The two were thus prevented from entering the Shiraz petroleum department.

Following these events, the prosecutor of Shiraz and the inspector general of the country wrote directly to the minister of petroleum and asked why Mohammad 'Ali Izadi had been dismissed. The minister of petroleum stated that the reasons were disturbances, threats, insulting superiors, refusing to carry out instructions, committing actions, unprofessional behavior, and participating in corruption, prostitution and sinful acts.

Here, the committee on Article 90 of the Majlis invited the minister of petroleum on 13/7/66 [5 October 1987] to respond to the case of the misappropriation of the officials, in which he is also totally involved.

The report of the committee on Article 90, according to the official newspapers of the country, continues:

"The honorable minister of petroleum was asked: What steps have you taken in regards to the plundering gang? He responded: I have seriously asked the judicial branch

and Ayatollah Ardabili to pursue the matter decisively. His honor was asked to send all of his correspondence with the judicial organization in this regard. After investigations, it became known that what had been given the most attention in this correspondence was refuting the actions of the Shiraz revolution prosecutor and the revelation by Mr Izadi as well as the accusations based on the same issue, and that he is a person who is absolutely an offender suffering from moral, administrative and other corruption! Again the minister was asked: If you pursued the course of the misappropriation, why did you reinstate Mr Eslamlu, who was the leader of the gang, by overturning his employment suspension?"

#### I Do Not Remember

He first said: I do not remember having given any specific instructions concerning Eslamlu. When the letter on file in his own handwriting was presented, he said: Yes, this is my handwriting. And he admitted that he had issued the reinstatement. But he added: A problem arose; then I sent a group who verified the misappropriation and the suspension was verified. In any case, in this session, in the presence of the honorable minister of petroleum, all issues and the course of the events were examined and it became clear that the the petitioner had been a victim of injustice.

The report then continues that the minister of petroleum then requested that a representative be appointed to reexamine the case for a final decision, along with some of the members of the committee, and that his honor sign it and act accordingly, regardless of the results. Even though the committee was not required to, it accepted the request out of respect for him. His fully-authorized representative examined the case, and it was decided that Mr Izadi and his wife would be reinstated. The minutes of the meeting were written up and a copy was sent to the honorable minister, who was asked to act as he had promised and to inform the committee of the outcome. It was expected that, as was promised, he would be going back to work, the matter would be closed, and the offenders would be punished. But up to the moment of writing the report and after the passage of three months of continuous follow-up by the committee, he has not acted upon his promise and that of his representative, which is worthy of note.

The report then explained that Mohammad 'Ali Izadi, who was punished for exposing the thefts in the Ministry of Petroleum and was dismissed, is a man whose three brothers are the victims of the war and who is endorsed by the Shiraz Friday imam and a group of the Majlis representatives.

But, he apparently did not know that in the regime of the Guardianship of the Jurisprudents, all plunder must be somehow related; he should not be a loud mouth; he must close his eyes as well as his ears. He was naive to



think that just because he was a member of the Hezbol-  
lah, had three martyred brothers, and had contact with  
Friday imams, he could expose whatever he saw.

It is interesting that the committee on Article 90 has  
explicitly stated in conclusion: This was a summary of  
what the committee has concluded, even though there  
are other issues in the case that were not mentioned  
because it was not expedient to do so.

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**Majlis Begins Deliberation on Budget Bill**  
46400102 London KEYHAN in Persian 10 Mar 88 p 5

[Text] The Majlis began deliberation on the  
8,962,179,197,000-rial national budget bill for 1367 [21  
March 1988-20 March 1989] early last week. Abolhasan  
Hayerizadeh, the spokesman of the Majlis Plan and  
Budget Committee, explained the characteristics of the  
budget for the next year and said: "The 1367 [1988-89]  
budget, in terms of revenues and other sources of funds,  
amounts to 8,962.17 billion rials, and in terms of expend-  
itures and other payments, amounts to 8,962.17 billion,  
as follows:

"A. The general government budget is  
4,348,757,177,000 rials and includes the following: (1)  
General revenues and other sources of funds,  
3,980,822,571,000 rials, and other payments from this  
fund, 3,980,822,571,000 rials. (2) The special revenues  
of ministries and government establishments consist of  
3,607,882,606,000 rials, and expenditures and other  
payments from these funds are 3,607,782,606,000 rials,  
and expenditures and other payments from these funds  
are 3,607,882,606,000 rials [as published].

"B. The budget of government companies, banks and  
profitable establishments affiliated with the government  
consists of 5,083,607,241,000 rials in terms of revenues  
and other sources of funds, and the government is  
permitted to collect the revenues and other funds cited in  
Part 3 of this law and the related laws and regulations in  
1367 [1988-89], and commitments and payments for the  
expenditures of ministries and government establish-  
ments as well as aid and other funds that are allocated in  
the charts attached to this law, within the limitations of  
the collected revenues and other sources of funds in 1367  
[1988-89], in accordance with the related laws and  
regulations and the notes to this law, and on the basis of  
the allocation of funds."

**The Budget Deficit Exceeds 1,250 Billion Rials**

While deliberating the budget bill for next year, Hasan  
Musavipur, the Majlis representative, criticized this bill  
and said: "The government general revenues in this bill  
are about 4,348 billion rials in revenues collected  
through taxes, 844 billion rials in revenues from oil, 262  
billion rials in revenues from the sale of foreign currency,

about 457 billion rials from other sources, while ulti-  
mately there is a deficit of 1,252 billion rials, of which  
only 115 billion rials comes from last year's returns and  
the rest, which amounts to 1,137 billion rials, is to be  
supplied through long-term loans. Considering that the  
government is allowed to spend 160 billion rials to  
complete developmental projects and 300 billion rials  
for the war, in Note 22 of the 1367 [1988-89] budget, the  
ceiling of the expenditures and payments of the govern-  
ment in the form of short-term loans will be raised and  
the debts will be raised in the same amount."

Hasan Musavipur pointed out that it will be impossible  
to return the amounts borrowed by the government from  
banks. He said: "Unfortunately, the existing loans in the  
1367 [1988-89] budget are to provide for the current  
expenditures and probably developmental ones, and not  
only will the bank loans in the future, even in the distant  
future, be difficult, even impossible, to repay, but they  
will result in inflation that will be impossible to fight."

**Shortage of Food and Essential Goods Next Year**

Hoseyn Qazizadeh, another Majlis representative, dis-  
cussing the budget bill for next year, pointed to the  
shortage of foodstuff in the country and said: "In regards  
to essential foods such as wheat, red meat, shortening  
and tea, if no fundamental change takes place to increase  
the production of these goods, in the next 10 years,  
considering the rapid population increase, problems will  
escalate. If the consumption of goods continues to  
increase as it has in recent years, in 1376 [21 March  
1997-20 March 1998] the total consumption of wheat  
will reach 13.3 million tons, and rice and shortening will  
reach 3.1 million and 840,000 tons respectively."

Qazideh continued: "Even if the plan for production  
growth in the agricultural sector succeeds, in 1367 [1988-  
89], the production of wheat, rice and shortening will be  
11.5 million tons, 2.3 million tons and 102,000 tons,  
respectively. As you can see, there will be a shortage of  
1.7 million tons of wheat, 777,000 tons of rice, and  
838,000 tons of shortening."

In the conclusion of his statements, this same represen-  
tative questioned the government in regards to providing  
the needed foodstuff and said: "Do you want to make up  
for the shortage of these essential foods and goods  
through production, or do you want to import them? If  
the shortages are provided for from abroad, in 1367  
[1988-89] nearly \$876 million will be needed for the  
import of these goods."

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**Ceiling Placed on Value of Items Taken Abroad  
by Passengers**

46400100c London KEYHAN in Persian 17 Mar 88 p 4

[Text] Each passenger may take out of the country a  
maximum of 25,000 rials per year in Iranian materials  
and products.

On the basis of a set of guidelines from Iran Customs directed to the nation's customs offices, every passenger going abroad may take out of the country a maximum of 25,000 rials only once per year in Iranian materials and products without objection. In this regard, Iran Customs stressed that persons who have gone abroad once may not utilize the privilege of exporting Iranian products valued at 2,500 tomans unless it was recorded by customs officials on their visas the first time they traveled abroad that they did not avail themselves of these privileges.

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#### **Foreign Exchange Amount to Students Abroad Increases**

46400100b London KEYHAN in Persian  
17 Mar 88 pp 1,3

[Text] Henceforth the entire monthly tuition for students outside the country will be paid independently of their monthly foreign exchange stipend, and the foreign exchange allowance for students within the country has also been increased. The above information was provided to reporters and media representatives early last week by Hamid Khoshgoftar, supervisor of the office of student affairs abroad. The supervisor of the office of student affairs abroad of the Ministry of Education said: Formerly, the monthly tuition for students in some countries was paid along with their monthly stipends, and only tuition in excess of \$4,000 was paid separately. However, on the basis of new legislation, as of the next academic year, this procedure will be followed for students at all universities outside the country. For example, a student studying in America received \$750 monthly, \$320 of which was for tuition. Henceforth he will receive his stipend of \$430 and his tuition will also be paid separately.

Elsewhere in his press conference, Hamid Khoshgoftar said: With regard to this, the new legislation from the Council of Ministers explains that the stipend for student spouses has increased from 45 percent to 60 percent, and the stipend for each child increased from 15 percent to 30 percent.

The director of the office of student affairs abroad for the Ministry of Education said: Persons who have left the country legally since 2/5/1364 [25 April 1985] (the date the military mobilization bill was enacted in the Majlis) and who are studying at universities outside the country are not officially recognized by this ministry and no form of financial assistance will be given to them. However, on the basis of new studies, if these people observe the necessary regulations, they may obtain student financial assistance. The most important regulations include grade average, class standing, field of study, type of residence, the university and the rate of progress.

9310

#### **Failure To Collect Taxes From Capitalists Criticized**

46400100a London KEYHAN in Persian 17 Mar 88 p 4

[Text] Sadeq Khalkhali, the Qom Majlis representative, during a recent discussion among deputies concerning the Budget Bill of 1367 [21 March 1988 - 20 March 1989], among other remarks severely attacked and criticized the government for its failure to collect taxes from the people. The Qom deputy said: A government that enjoys this much support from the Imam, as in his recent remarks which I have not seen, and this government, which has prerogatives and penalties available, you can see it still wavers and has not gone after the major capitalists and has not been able to collect taxes from them.

Elsewhere in his talk, Sadeq Khalkhali said: In 1357 [21 March 1978 - 20 March 1979] Iran was ranked 60th in the world in the percentage of taxes collected, when it collected about 8.7 percent of the taxes from the gross national product, but in 1366 [21 March 1987 - 20 March 1988], in view of the budget figures, this figure has dropped to five percent. That is, it shows a striking decrease of three percent. This decrease has drawn the government to the question, with regard to taxes, as to whether the tax collectors have fulfilled their responsibilities as they should.

The Qom deputy added: Of all the indirect taxes for the year 1367 [21 March 1988 - 20 March 1989], whose budget we want approve, 504.3 billion rials have been collected. Of this figure, 135 billion rials were collected from the government sector and 73.3 percent from the private sector. You can see that the collection of that 135 billion rials in indirect taxes is actually a false ledger because it is taking money from one pocket and putting it into another. The government is carrying out a program that falls short in the collection of taxes and does not make use of religiously lawful procedures. When the government has the Imam, the people and the Majlis behind it, why does it neglect the collecting of taxes, and why has the situation reached the point today where the money for drinking water for Zabol is obtained from another place where it is also needed, meaning that we do not have the budget to carry out the nation's important programs? One-sixth of the budget, which totals 9,000 billion tomans, is a deficit. Is this deficit not painful for the nation? Yet we have first-class capitalists, who, as one person said, no longer work in Iran. They have exported their money and they do business there.

9310

#### **Rents Increasing in Tehran Vicinities, Northern Cities**

46400106b London KEYHAN in Persian 24 Mar 88 p 5

[Text] With the rush of the Tehran people to the northern cities and villages and the cities in the vicinity of Tehran, the rents of rooms and houses in this region have increased tremendously.

In Chalus, Nowshahr, Motel Qu, Ramsar and Chaboksar as well as the Tehran suburbs, such as Fashm Ushan, Ab'ali, Dorud, Rudhen and Gajereh, the rent for one room has reached 5,000 rials per night.

Tehran residents who, like other Iranians, were preparing themselves to celebrate the New Year are now forced to spend the New Year and the changing of the year in fear, terror and worry about bombs dropping on their heads.

And those who have found shelter in cold rental rooms in the vicinity of the city are not in circumstances, neither psychologically nor in terms of residence, which are conducive to a happy New Year at the New Year table.

One of the passengers who arrived in London this week said:

Iraqis usually bomb Tehran in the warm season. Hence, people could spend the night in the summer resorts around the city in cars or in the orchards. But now it is the cold season, and the homes of the villagers lack heating. Also, the problems of baths, toilets and health issues in a house in which a large number of tenants have crammed themselves create great difficulties.

Some people who are financially well off have moved to their villas on the coast of the Caspian Sea, and some have gone to their relatives in the provincial cities.

It is also said that the officials and those affiliated with the regime in Tehran have provided residence for their families in the five-star hotels in the northern part of the country and in the vicinity of Tehran.

With the temporary migration of the inhabitants of the capital to other places, the departments and schools are in chaos and a large number of students are forced not to go to classes. The employees of private and government organizations who also live outside the city either come to work late or do not go to work at all.

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#### **Food Shortages Predicted Worsening in Next 10 Years**

46400099b London KEYHAN in Persian 17 Mar 88 p 4

[Text] Mas'ud Rowghani-Zanjani, the Islamic Republic's plan and budget minister, attended a Majlis meeting at which he explained the Budget Bill for 1367 [21 March 1988 - 20 March 1989]. He said: The primary source of the problems is the imbalance between the amount of currency in circulation and domestic gross production, and it must be eliminated. The procurement of the basic needs of a growing society is another focal point to which the government has assigned the necessary priority.

Elsewhere in his talk, the Islamic Republic's plan and budget minister discussed the current shortages of basic foodstuffs. He noted that the shortage of such basic food items as wheat, red meat and vegetable shortening will increase over the next ten years unless there is a basic transformation in the growth in production of these goods.

Rowghani-Zanjani added: For example, if consumption of the goods under consideration increases as it has in recent years, in 1374 [21 March 1995 - 20 March 1996] total consumption of wheat will reach 19.3 million tons, and that of rice and vegetable shortening will reach 3.1 million and 840 thousand tons respectively.

He added: In 1366 [21 March 1987 - 20 March 1988], as in 1365 [21 March 1986 - 20 March 1987], the disequilibrium arising from the drop in oil prices and the nation's shortage of foreign exchange, despite a significant improvement in oil prices over the previous year, brought about limitations on the importation of basic goods. This, in turn, is seen as one of the principal causes of limitations on production.

9310

#### **Per Capita Income Reportedly Falling, Inflation Rising**

46400099a London KEYHAN in Persian 17 Mar 88 p 4

[Text] Iran's per capita income in 1364 [21 March 1985 - 20 March 1986] was about 68,000 rials. It decreased in 1365 [21 March 1986 - 20 March 1987] to 58,000 rials, and again in 1366 [21 March 1987 - 20 March 1988] to 54,000 rials. The budget bill for 1367 [21 March 1988 - 20 March 1989] will cut another 5,000 rials from this income, reducing it to around 49,000 rials. The greatest pressure from these reductions will be on the deprived classes.

The above statement was made recently by Majlis deputy Gholam-Hoseyn Nadi during a discussion of next year's budget bill. During his speech, in which he plainly expressed opposition to the proposed 1367 budget bill, Gholam-Hoseyn Nadi told the Majlis: It is worth mentioning that projected revenues total 3,980 billion rials. Taxes are 1,164 billion rials, 160 billion of which is excess and will not be collected, oil is 844 billion rials, 140 billion of which is excess and will not be obtained, 547 billion rials is for direct exports, along with another 150 billion rials, totaling 700 billion rials. The rest includes 719 billion rials, of which 440 billion rials was collected in 1366 [21 March 1987 - 20 March 1988] and no more than 450 billion rials of which will be collected, giving 250 billion rials in excess projection, and there is a total of 550 billion rials expected that will not be collected. Under expenses, listed at 821 billion rials, more than 650 billion rials of that was expenses for 1366, 170 billion of which will be purged from the budget as it



was in 1366. The economic meaning of these figures and numbers is that the rate of inflation for next year (1367 [21 March 1988 - 20 March 1989]) will be 30 percent.

Continuing his remarks, the deputy discussed the government's expenses. He said:

At non-adjusted rates, expenses are increasing. They have increased from 2,492 billion rials in 1356 [21 March 1977 - 20 March 1978] to 3,165 billion rials. Despite this increase, after adjusting for inflation this increase in costs is actually a decline. The meaning of this is that the government, in offering its services with financial resources, has been continually faced with reductions, and consequently has cut back on the quantity and quality of its services.

Continuing his remarks, Gholam-Hoseyn Nadi said: At non-adjusted rates, the government's development expenditures increased between 1358 [21 March 1979 - 20 March 1980] and 1362 [21 March 1983 - 20 March 1984]. They increased from 523 billion rials in 1358 to 1,148 billion rials in 1362. They declined from 1362 to 1368 [21 March 1989 - 20 March 1990]. The figure for the first eleven months of 1366 is about 591 billion rials. This figure is half of that for 1362. Clearly, with the reduction in development expenditures, the nation's economic and production capacity have been decimated, the provision of basic essential services has stopped, economic expansion and the ability to create employment have stagnated, investment in the private sector, whose activities are dependent on such investments, has stopped.

Elsewhere in his talk, the deputy said: In general, the discussion of revenues can be summarized by saying that oil can supply an average of 800 billion rials in revenues, taxes, if we accept the maximum figure, 1,500 billion rials, and other figures can supply 450 billion rials, for a total of 2,750 billion rials, which is less than budgetary needs.

Gholam-Hoseyn Nadi discussed the expected cost of living and the danger of increased inflation. He said: Under current conditions, it is impossible to combat inflation at its roots without increasing domestic production and eliminating the imbalance between supply and demand. It is clear that the budget for 1367 [21 March 1988 - 20 March 1989] is inflationary. The deputy stated that next year's budget will bring about a reduction in national income. He said: There will be decreases of 10 percent for industries and mines, 2.5 percent for water and electricity, and five percent for construction.

At the end of his address to the Majlis, Gholam-Hoseyn Nadi concluded: In view of the reduction in production and national income, the increase in the amount of currency in circulation to more than 2,000 billion rials, the failure to obtain the revenues projected for the 1367

budget, and private and public sector debt, the budget will impose inflation of 30 to 35 percent on the country, and the greatest part of this burden will fall on the shoulders of the deprived.

9310

## PAKISTAN

**JUI Rally Against 'Zionists U.S. Imperialists'**  
46000122b Islamabad *THE MUSLIM* in English  
2 Apr 88 p 8

[Article by Saleem Shaheen]

[Text] Peshawar, April 1: Jamiat-Ulema-e-Islame NWFP observed 'solidarity day' with Palestinian people and it strongly condemned the atrocities and brutalities committed by the Zionist forces against the unarmed Muslims.

The workers of JUI took out many processions and stages protest meetings in different cities of the Province. The protest meeting at Peshawar was staged at Madni Masjid in Chowk Namakmandi, Peshawar. JUI leaders Maulana Mohammad Amir Bijlighar, Amir Nawaz advocate and Abdul Jalil addressed the gathering. Demonstrations at District Kohat were addressed by Maulana Habib Gul, Haji Izat Khan, while Maulana Noor Sahib Gul led the procession at District Karak.

The speakers maintained that the practices of the occupying forces in Palestine have exceeded all bounds and the United States was backing the Zionist forces in the occupied territories.

They said the Americans for many years have been hostile towards Palestinians and have played a focal role in depriving them of their fundamental rights.

They appealed to all the Muslim countries to take up the matter at all international platforms unitedly as the liberation of these innocent Muslims could only be possible after the complete withdrawal of Israelis from the occupied Muslim lands.

The JUI leaders extended their full support for the struggle of Palestine liberation movement and reiterated that its workers would render sacrifices for the cause.

Our Lahore Bureau Adds. The Jamiat-e-Ulema-e-Islam, Lahore Friday afternoon staged a demonstration in front of Masjid-e-Shuhada to mark the commencement of 'Palestinian Struggle Week' being observed by the JUI.

The demonstrators led by Zaman Khan Uchakzai, former Federal Minister and JUI Additional Secretary General and JUI Lahore President Maulana Khurshid

Ahmad Gungui, raised slogans against US imperialism and Israel. The protesters also displayed banners and placards inscribed with slogans against American and Israel.

The banners and placards read out as 'down with US imperialism' Palestine will be the second graveyard of imperialists after the Vietnam and declare Jihad for the liberation of Al-Quds.

Later, Zaman Khan Uchakzai criticized the Western countries and Pakistan Government for having double standards in distinguishing between Afghan refugees and Palestinian refugees.

While addressing the demonstrators he pointed out that the Afghan refugees presently living in Pakistan had left their country much earlier the Soviet army had been called in by the Afghan revolutionary government.

He said at present Afghan refugees and our own rulers were calling for Soviet withdrawal from Afghanistan to facilitate the repatriation of Afghan refugees. Whereas, he said, such demand had never been made for those Palestinian refugees who were leading their lives in camps miserably.

He further said that bulk of foreign aid was being provided to Afghan refugees and a part of this to a large number of foreign dignitaries who have been visiting the Afghan refugees camps. But the Palestinian refugees never got such a treatment, he added.

He held America responsible for atrocities committed against Palestinian people during the last 40 years. He criticized Arab rulers for their inadequate role for the liberation of Palestine.

He labelled the Pakistan Government as an agent of the US imperialism and regretted that it had failed to support the Palestinian cause due to its own vested interests. He claimed that at present no Muslim country was sovereign and every country had bent to superpowers.

JUI Secretary Finance Hafiz Mohammad Yousaf and JUI provincial Information Secretary Abdul Rahim Zahid were also present at the demonstration.

However, the JUI, has decided to hold a public meeting and taking out a procession on April 7, in connection with its Palestinian Struggle Week.

**Chinese Experts To Help New Arms Factory**  
46000122a Islamabad *THE MUSLIM in English*  
21 Mar 88 p 6

[Text] Sanjwal, March 20: The Chinese vice-Minister for Foreign Economic Relations and Trade, Mr Lu Zue Jian and the Chairman, Joint Chief of Staff Committee, Gen Akhtar Abdul Rehman Khan jointly unveiled the plaque here yesterday to mark the inauguration of the 12.7 mm ammunition factory built with the help of Chinese expertise and know-how.

Both Mr Lu and Gen Akhtar Abdul Rehman Khan addressed the inaugural ceremony and eulogized the friendship between China and Pakistan. Mr Lu said that Pakistan and China were bound in lasting political, economic and social relations and the Chinese Government considered the flourishing of these ties as the corner-stone of its foreign policy.

Gen Akhtar Abdul Rehman Khan said that the friendship between Pakistan and China was based on sincerity, mutual respect and cooperation. This friendship, he said, has grown deeper with the passage of time and has become an enviable example of bilateral relations. China has always proved to be a trusted friend in extending help to Pakistan in all spheres of life including the defence production, he said, and added that the inauguration of this factory was the manifestation of that sincere and true friendship.

The Chinese Vice-Minister who has specially come to Pakistan to attend this inaugural ceremony congratulated the government and people of Pakistan on attaining this auspicious milestone and said that the commissioning of the factory would go a long way in strengthening the friendship between the two countries. Mr Lu said that Pakistan was not only rich in natural resources but its people were also hardworking and talented. "We wish all success to this illustrious nation of the world", he added.

Gen Akhtar said that in this fast developing world, Pakistan could keep pace with the advancement of science and technology only with the help of friendly countries like China. He said in order to meet the future challenges "we should not seek only guidance and cooperation of our friends like China but also exploit our indigenous expertise to continue our march of attaining modern technology".

He expressed the hope that Pakistan Ordnance Factories would utilize their abilities to the maximum to achieve the mission.

The Chairman of Joint Chiefs of Staff Committee said that there was no denying the fact that the armed forces were fully prepared and religiously committed to defend the integrity and independence of the country and the Pakistan Ordnance Factories formed the vital part of this defence. He termed the workers of the POFs as

"silent mujahids" who have been guarding an important front of producing arms and ammunitions for the three services since its inception in 1961.

He appreciated the tremendous progress made by the PODs and said that he was happy to note that these had started manufacturing modern arms and equipment. He said that the completion of the new ammunition factory would bring Pakistan still closer to self-reliance in defence production. He also expressed his confidence that the commissioning of this factory would further strengthen the already existing friendly relations between Pakistan and China.

In his welcome address, Maj Gen Talat Masud, Chairman, Pakistan Ordnance Factories, welcomed the Chinese guests and thanked their government for providing all possible help in realizing the dream of this new project. He also shed light on the details of the present and future projects being pursued by this vital defence organization.

The Chairman Joint Chiefs of Staff Committee along with the Chinese Minister later went round the shops of the new factory and saw the workers busy in manufacturing ammunition—(ISPR).

07310

#### **Chinese To Assist Coal Fired Plants**

46000122e Islamabad THE MUSLIM in English  
25 Mar 88 p 8

[Article by Tariq Butt]

[Text] Islamabad, March 24: Three 50 megawatts coal fired power plants using Chinese technology costing about 70 million US dollars will be established in south-eastern Sind.

An agreement to the effect has already been signed between WAPDA and China. The project was recently approved by the ECNEC.

The Chinese have reportedly perfected the technology called "fluidised combustion", for eliminating the pollution from coal with three per cent sulphur content and set up a number of such power plants with the minimum capacity of 25 megawatts.

The Lakhra coal which will be used in these plants is said to have a sulphur content of 20 per cent. It is not clear if Chinese technology will take care of such a massive presence of sulphur and if it is possible to use the technology for 50 MW plants which is perfected for 25 MW stations.

The coal-fired power generation keeping in view the cost now calculated is said to be the cheapest, but the major nuisance will be the poisonous pollution because of significant presence of sulphur in Lakhra coal. However, if the pollution is controlled the project can be a model one.

07310

#### **Unions Blame Western 'Monopolists' for Poverty**

46000122d Islamabad THE MUSLIM in English  
22 Mar 88 p 6

[Text] Multan, March 21: A meeting of 35 representatives of affiliated unions of Pakistan Trade Union Federation was held here under the chairmanship of its central vice-president, Ayub Ali Zaidi. In his presidential address he said that western monopolists, capitalists and their agents have continued to deprive the working classes in Pakistan of their lawful rights. The result is that there is poverty, ignorance and unemployment all around. He expressed his grave concern over the ever-rising cost of living while the incomes of the laboring classes have not been increased correspondingly. "This has made the life of the poor people and the industrial workers most miserable in Pakistan", he maintained. The meeting in various resolutions demanded simplification of the procedure to avail facilities under the social security scheme, elimination of contract system in industrial units and confirmation of all workers who had completed three months of their service. Increase in the quota of residential plots for industrial workers and recovery of cost thereof in easy installments and grant of overtime to municipal employees were also demanded. The labor leader also demanded confiscation of foreign loans. Syed Ayub Zaidi urged the government to sign the Geneva accord without any delay to bring peace in this region.

#### **Bail Rejected**

Mr Justice Fazal Karim of Lahore High Court, Multan Bench, has rejected the bail applications of 5 activists of IJT, Salar Hussain Kazmi, Abdul Qadir, Saboor Qureshi, Tanveer Mirza and Abdul Karim Baluch involved in the murder of a PSF leader, Iftekhar Hussain. The learned court, once before, on September 21, 87, had rejected the bail applications of the IJT students. The prosecution argued that the accused had assaulted the deceased to kill him when he was taking to his friends in the canteen of the college. The PSF leader later succumbed to his injuries in the hospital. It was also contended that law and order situation would be disturbed if the accused were enlarged on bail. The learned court agreeing with the prosecution rejected the bail applications.

#### **Military Court Convict Pardoned**

President Zia has granted pardon to a military court convict, Mozharul Haq. The order came from the Punjab governor, Punjab. The former field assistant on



having been pardoned, has been reinstated by the director general, agriculture. It may be recalled that summary military court No 11, Muzaffargarh, had awarded one year R. I. to Mazhar-ul-Haq on the charge of pilfering pesticides worth about Rs 4.5 lakh. The charge was proved against him.

#### Bye-Election

The election commission, Pakistan, has announced by bye-election in constituency No 172-PA, Multan, will be held on April 17. The seat has been lying vacant since the death of Shah Mohammad Joiya, MPA. The D.C., Multan, will be the returning officer. Local OML leaders, Syed Yusuf Raza Gilani, senator, Mohammad Akram Bosan, MPAs Siddiqi Kanjo, Dewarn Ashiq Hussain Bokhari, Fakhruddin and Malik Tayyab have appealed to MOL chief, Prime Minister Junejo and the Chief Minister, Mian Nawaz Sharif to award party ticket to the son of the late MPA.

07310

#### MQM Power Base Examined

46000122c Islamabad *THE MUSLIM in English*  
25 Mar 88 pp 4, 7

[Article by Anees Jillani]

[Text] One of the most interesting political phenomenon of this decade has been the formation and the rise of Mohajir Qaumi Movement (MQM). The rise of this organization reminds one of PPP's rise in the late sixties. It commands immense popularity amongst the younger element in urban Sind areas and its leadership without being charismatic is very well respected. It also has set a new precedent in the country's political history by presenting a leadership from the lower classes which is a commendable achievement.

#### Leadership

MQM was only recently formed by student leadership of an unknown Mohajir student organization which was basically constituted to oppose IJT: the student wing of the Jamaat. Its leader, Altaf Hussain, subsequently moved to the United States; his Movement, however, continued its obscure existence. Then came one public meeting at Karachi which was unexpectedly attended by millions: and it then suddenly dawned on the political pundits that this new wave of youth militancy is also a force to be taken into account. The clashes between the two communities (Mohajir and Pathan) following the Sorab Goth police operation brought the militancy of the movement in the forefront, and its bold and candid public stand was appreciated by the Mohajir community. These events finally culminated in MQM's victory in last year's local bodies polls. The results did not surprise any one.

The fact that the MQM exclusively operates within one community is one of the major reasons for its strength, but then it is also its limitation. It is usually easier to operate within an exclusive community and exploit their grievances and sentiments: organization is of course easy in such circumstances, and taking of controversial stand on national issues is possible as long as it is in tune with the community's stance. National political parties do not have this maneuverability. They cannot take a position which is likely to annoy some other community in another area or province.

#### New Policy

Despite these advantages, MQM now appears to be assessing its policy, and it is possible that it may be thinking of going national. The reason for this change is not difficult to establish, and it is possible that the MQM's leadership always had this motive in mind. Theoretically speaking, MQM is now in charge of Karachi. The Karachi mayor and his deputy are from this party and it has a majority in most of its zonal bodies. But the MQM has realized in just two months that local government in Karachi is hardly a government with any powers. To begin with, some parts of this metropolis are governed by cantonment boards and what is left is claimed by agencies like Railways and Karachi Development Authority (KDA). Thus MQM is ruling only half of Karachi. The best areas of the city are outside the Corporation's jurisdiction, and to top it all, it has no funds to finance development activities in areas governed by it. The MQM unlike its predecessors party, which ruled Karachi for almost eight years, wishes to maintain its popularity.

It has come to the conclusion that if any work is to be done for its constituents then it would need access to more power and such an access could either be at the provincial or national level? Assuming a provincial rule in case of Sind would mean becoming national due to conglomerate of nationalities living there. Such a change of policy, however won't be easy for MQM. To begin with, it could mean erosion of its support among its Mohajir constituency. Similarly if it tries to be national then voters may rightly ask its leadership as to what distinguishes it from other parties? It would then be confronted with the problem of evolving a solid programme for the whole nation which it so far did not have to worry about. Exploitation of community sentiments are ruled out in such cases. However, what can prove to be MQM's assets are its organizational traits; its leadership qualities and its tremendous appeal in a particular class. Its youthful leadership can also be an asset in national public life (although some may consider it a liability in drawing room gatherings such as MRD meetings).

The MQM leadership would probably disagree with the above analysis. They would argue that the question whether the MQM is going national is unfair because it has always been national. The MQM's stand, loosely

speaking, is that Mohajirs all over Pakistan form a nation, and that they be recognized as such. If the Constitution provides for four nationalities then why can't it provide for the fifth—which incidentally rendered maximum sacrifices for this country and migrate from their ancestral land to Pakistan. This position understandably comes into conflict with the stand of the Sind nationalists who either define Sindhi from a certain period in history, or accept everyone living in Sind as a Sindhi; otherwise, they say every community migrating to any part of the world could claim to remain a separate nationality. They say in such a case the United States would never have emerged as a nation. The MQM retorts by referring to Canada where the French nationalists aspire for a separate nation-state. Without going into analysis of this debate, suffice it to say that the Mohajir nationality stand is eventually going to conflict with Sind nationalists' posture.

They may tactically align with nationalists like G.M. Syed and others but potentially they would conflict with the nationalists. As a matter of fact, their issues if not conflicting at least are exclusive. For instance, the issues of Kalabagh Dam and establishment of a Cantonment at Pannu Aqil are not of any immediate concern to the Mohajirs. Almost all Mohajirs live in urban areas, and the affect of Kalabagh Dam on the lands won't really affect them. Similar is the case with most of the other issues. Therefore, it is not an easy situation for MQM. It takes a position on an issue like Kalabagh Dam, it would be of no interest to its actual constituency; but if it fails to evolve a policy on such national issues, it can't attain a national stature.

The MQM for some time now has been taking a conciliatory stand towards the Pathans and its leadership asking the government to lift the ban on ANP's NWFP leadership visits to Sind. Such a stand apart from being democratic, is also reinforcing MQM's leadership attempts to portray their organization as a nationalist organization. In fact, MQM argues that this ban is an attempt on the government's part to discourage rapprochement between the two communities and thus fan ethnic feelings.

The MQM seems to have two alternatives now: first is that it takes up the case of all suppressed minorities and nationalities as it has done in the case of Mohajirs; second is that it confines its activities within Sind and forge alliance with some other like-minded groups in other provinces. In either case, it is likely to come into conflict with the majority province of the Punjab.

The MQM is thus facing its toughest test. The sagacity of its leadership is on trial. Its leadership has been appreciated for its timely reactions to political events, and its contacts with the grass root levels. Now comes the test as to whether this contact is simply confined to Mohajirs, or MQM is capable of these actions at national level also. The government did not invite the MQM to RTC but there is talk in Islamabad that the Junejo administration

is now contemplating of convening a regional conference at Karachi on the RTC lines. If such a conference is convened in the foreseeable future then it would be the first national test of MQM. In the end it may, however, be added that notwithstanding the government moves and shifts in MQM policy, the latter no doubt represents a broad segment of our society and it should be, therefore, given due recognition.

07310

#### **Junejo Consulting Political Leaders on Afghan Problems Criticized**

*46560025b Karachi AMN in Urdu 29 Feb 88 p 3*

[Column: "From Jumma Khan's Pen"]

[Excerpts] If the government is up against some political problem and feels that it should consult the leaders of political parties then the question that arises is whether politicians are also facing any exigency and since when are they concerned with the problems confronting the country and the nation? Have the rulers ever perceived their problems? About three years ago when martial law was lifted, according to Prime Minister Junejo, full democracy was restored but the presence of political parties is still not acknowledged on radio and TV; the political prisoners of the martial law period have not been freed; politicians who left the country because of the enforcement of martial law have not been allowed to return and if anyone attempts to return, he is arrested and sent to prison on either old or new charges. The newspapers, including MUSAWAT of which publication was stopped during martial law period, have not been allowed to resume publication and their proprietors are not allowed to publish any news. Numerous heads of states who have visited Pakistan have been happy to meet Pakistani politicians and have had good relations with them but the government neither invited any politicians to any official function nor introduced them to foreign guests. During the past three years, the prime minister and his colleagues did not even meet on one single occasion with leaders of political parties to exchange views on matters of common interest. The worst example is that Khan Wasli Khan, the leader of a political party in the nation, was not permitted to tour Sind and the prime minister did not take any interest in removing the restrictions. The politicians know that the prime minister's authority is limited and that General Zia is in total control but the prime minister is not as powerless as he considers himself to be. He controls the parliament and the national assemblies of all the four provinces in the name of the ruling party and does have political influence. Just as he did not make much use of this influence, he also did not act with courage. He can put his political power to good use. He can considerably strengthen his political position by forming good relations with the politicians outside the government, but he has not made any headway in this direction. Perhaps he does not wish to free himself from the restrictions of the administrative system imposed by General Zia. It would

have been for Prime Minister Junejo to persuade General Zia to relinquish his military position, but he did not do so which is why Indian Prime Minister Rajiv Gandhi invited General Zia to India instead of him.

Whoever advised the prime minister to call a conference of the leaders of the political parties did not do him a friendly service and damaged his reputation.

9315/9738

**Tehrik-e Istiqlal Leader Cautions Against Hard Stand on Afghanistan**

46560022b Karachi JANG in Urdu 9 Feb 88 p 3

[Article by Tehrik-e Istiqlal Secretary General, Khurshid Mahmud Qasuri]

[Excerpts] Qazi Hussain Ahmed, leader of the Jamaat-e Islami, said in a statement to reporters a few days ago that compared to the Pakistani president he had more authority to hold direct talks between the Soviet government and the Afghan Mujahidin and that compared with the Pakistani government he was in a far better position to do so. Considering this, any person with an understanding of politics can judge for himself that if this statement is correct, then the Pakistani government's position is similar to that of a handicapped persons. More dangerous than Mr Qazi Hussain Ahmed's statement is his belief that the Soviet Union should leave Afghanistan and the United States should leave Pakistan. As far as the question of the United States leaving Pakistan is concerned, the position of the United States is not the same as the position of the Soviet Union in Afghanistan. The influence of the United States in Pakistan is a result of the Pakistani government's policy. If Pakistan were to change its policy today, then the influence of the United States would end tomorrow. The Soviet Union's position in Afghanistan is quite different. The question is: Does Mr Qazi Hussain Ahmed really believe that without any permanent solution the withdrawal of Soviet forces from Afghanistan would resolve the Afghanistan problem and would Pakistan be safe and secure? This is the problem that we will have to assess with respect to the demand concerning the withdrawal of Soviet soldiers from Afghanistan.

After Qazi Hussain Ahmed's statement we will also have to assess the stand taken by the representatives of Afghan organizations—particularly the Afghan resistance movement which consists of seven groups. The tribal society in Afghanistan has its own way of thinking and its own special features. Its way of thinking revolves around tribal interests on a limited scale; when the dimensions increase, its axis usually does not change; this element is fully evident in the Afghan resistance movement. On many occasions various tribal groups of Mujahidin have come to an understanding with each other. Today various tribal

groups are waging war against the Afghan government based on their inter-tribal relationships. Maulana Yunis Khalis is the head of the seven-member resistance alliance. In addition to tribal relations, religious and political issues are elements that have to be mediated. Some groups are once again willing to recognize Zahir Shah's leadership, while others oppose him. Zahir Shah, a member of the Yusuf tribe, is backed by his tribe's leaders and people who are in favor of the formation of a transitional government under Zahir Shah's leadership. Some Afghan leaders have connections with Zahir Shah. Similarly some Afghan leaders were willing to meet the United Nations representative, Diego Cordovez, while others were against such a meeting. Leaders of some Afghan groups have been talking about direct talks with Gorbachev. It is not incorrect to conclude that there is a big difference between their course of action and their way of thinking. Presently the seven-groups in the Afghan Mujahidin Alliance are united under the leadership of Moulvi Yunis Khalis. The leaders of these groups have been saying that they should not be forced to accept any solution to the Afghan problem. Some of these groups are adamant on solving the dispute on the battlefield rather than by negotiations. If the Afghan groups do not accept the solution of this problem arrived at through negotiations conducted by the Pakistani government then their position will become similar to that of the Palestine Liberation Organization. If the seven-member alliance were to bypass Pakistan, then the situation would become extremely dangerous. In this connection policymakers of Pakistan should not forget the fate of Lebanon where the PLO [Palestine Liberation Organization] had been acting according to its own will. If the Soviet Union were to withdraw its forces from Afghanistan in a state of confusion without any settlement of the Afghan issue, then Afghanistan would become a victim of still worse disorder and civil war. This would create serious dangers for Pakistan because the Soviet Union would withdraw its forces but would provide additional aid to the Kabul regime and its army, and violent, subversive activities would become rampant in the tribal areas along the border.

On one hand, looking at it from the political point of view, as long as the Soviet Union is actually present in Afghanistan and is maintaining its forces, then it will be responsible in international forums for all the resulting incidents because of its presence. This is an obvious fact which cannot be denied. On the other hand, if the Soviet Union were to leave Afghanistan without any settlement, then it would not be responsible for any incidents connected with Afghanistan. It would demand that Pakistan negotiate directly with the Naguib administration which Pakistan still has not recognized. Under these conditions, Pakistan would be faced with a dilemma and the Afghan problem, instead of being resolved, would be still further aggravated. In view of current Indo-Pakistan relations, India would try to take advantage of the



situation and create difficulties for Pakistan which would be hard pressed from both its northwestern as well as from its eastern borders, seriously threatening Pakistan's security.

Speaking about other dangers that could result from a Soviet withdrawal without any settlement, the Afghan resistance group could announce a government in exile which some countries would possibly recognize. In some circles they are exerting pressure on Pakistan to recognize such a government in exile. Qazi Hussain Ahmed, leader of Jemaat-e Islami, has suggested that just like the PLO the Afghan Mujahidin should form a government in exile. Such a situation would be far more dangerous compared to all others because the largest number of Afghan refugees are in Pakistan. It is also a fact that arms and ammunition for the Afghan Mujahidin are supplied by way of Pakistan. If such a government were to be established on Pakistani soil, then the situation would be beyond Pakistan's control. We must realistically take into account all the conditions, incidents, difficulties and dangers that could be anticipated down the road. Some circles may be thinking that the Nagueib government could collapse after the Soviets leave, but such a supposition may not be based on facts. The Soviets have been in Afghanistan for the last eight to nine years. Before the Soviet came into Afghanistan, a strong Soviet lobby was formed. These lobbies consisted of educated youths who had gone to the Soviet Union to be trained in various fields and were influenced by the Soviet system of government. The Soviets provided assistance to Afghanistan in various fields and have formed a political and administrative structure. Moscow also organized and trained the Afghan army. Dreadful bloodshed is possible, but the collapse of the Nagueib government appears to be unlikely. It is also certain that the United States may speed up supplying arms to the Afghan Mujahidin groups because Washington might want to end the remnants of the Soviet period with the help of these resistance groups. United States weapons are bound to further worsen the situation in Pakistan. Pakistan is already flooded with illegal arms caused by the war in Afghanistan. As a result of civil war in that country, Pakistan will become a great market for illegal arms thereby creating serious problems for law and order in our country. In addition to the United States, the Soviet Union will accelerate the supply of arms. Arms-dumping has already turned schools and colleges into armories and the common man feels exposed to danger. Arms-dumping played a significant role in the Karachi riots. If the supply of arms increase, then similar incidents could spread to other parts of the nation.

Keeping the situation and incidents under control is of great importance in international politics. Strict vigilance should be maintained and suitable action should be taken at the appropriate time. If the delicacy of time is discarded and time is wasted instead of

taking appropriate action at the right time, then the results will not be pleasant. Contrary to this, a nation which is conscious of the prevailing conditions takes full advantage of time and does not wait for it. If we were to consider some of the events and conditions that took place at the time of Pakistan's inception then we will have to accept the truth of the saying, "a stitch in time saves nine"; in other words, every action should be taken at the proper time. Immediately after the establishment of Pakistan, the Kashmir, Junagadh, and Hyderabad disputes began. If India and Pakistan had settled the Hyderabad dispute instead of the Kashmir problem, if both the nations had accepted the principle of the right of states to join either of these two nations, if they had been given the opportunity to decide for themselves; if India had taken partition seriously and accepted the establishment of Pakistan and had also given up the assertion that establishment of Pakistan was only temporary and that this new nation would not last long due to its problems; if in addition to Junagadh, Manavadar and Hyderabad had also abandoned military intervention and police action in Kashmir, then the differences that have been poisoning the relations between these two countries today would not have emerged. If partition had been accepted as a permanent decision, and if a corridor had been provided to connect East Pakistan with West Pakistan, then perhaps the scenario of the "fall of Dacca" would never have taken place. There was a need to accept each other's status and to avoid new differences, but those needs were not perceived at that time. If the two countries had felt this need then trade between India and Pakistan would be flourishing as in the case of the United States and Canada. Under such circumstances Pakistan would not have to rely on the United States, and India would not have to rely on the Soviet Union. Both these countries would not be facing a crisis in the balance of payments. Improvement in trade relations between them could have opened the door to cooperation in other fields of life and both India and Pakistan would not be burdened with unbearable foreign loans. To tell the truth, to acknowledge the delicacy of any problem in time; to perceive the problem and to make plans and to implement those plans demands farsightedness and deep, political insight. Now that the Soviet Union has expressed its willingness to withdraw its forces from Afghanistan, Soviet leaders are announcing their decision to withdraw troops from that country and end their military activities. Since Moscow would like to act in accordance with this feeling in the future, we should give the super power's decision its fitting importance and do our best to help resolve the Afghanistan problem. We must be careful not to allow this opportunity to slip away. The solution of the Afghan problem is in the interest of our nation and our country. It is therefore essential that we should not indulge in protecting the United States interest or become

involved in the United States' and Soviet's differences. Instead we should think of the advantages that can be gained by the resolution of the Afghan problem and the difficulties we would be facing if this problem were not solved.

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**Alleged Indian Plans To Attack Kahuta Reiterated**  
46560022a Karachi JANG in Urdu 6 Feb 88 p 3

[Editorial: Kahuta Nuclear Plant and Our Responsibility]

[Text] In view of the skepticism expressed by the United States, India, and Israel concerning nuclear preparations made by Pakistan in reference to the nuclear plant at Kahuta, the apprehension that our open enemies and false friends would try to block our advancement in the field of technology entirely by our own efforts, technical expertise, and resources has become a stark reality. The Indian and Jewish lobbies are actively against our nuclear advancement. A former Israeli military intelligence chief told an Indian journalist, Mr Bharat Karnao, who resides in the United States, that Israel has made several offers to India to take commando action against the Kahuta nuclear plant, which included the assassination of a key Pakistani personality. According to Mr Bharat Karnao's article published in the Indian newspaper, SUNDAY TIMES, India is capable of taking its own commando action against the Kahuta plant, or would with the assistance of Israel, or with the collaboration of Afghanistan. It is in the interest of India and the Soviet Union to reduce Pakistan's military strength by destroying its nuclear program. The report goes on to say that India would have to sacrifice four planes only. India would use Jaguar planes and MIG-29 escort planes for the mission. The attack would be so sudden and unexpected that Pakistan would neither be able to defend itself nor would the United States come to its assistance. According to this report, the activities of the Indian army in Siachen may be the staging point for the commando action.

No non-Muslim country, including the Soviet Union and the United States, wants any Muslim country to have access to modern technology. Muslim access to this technology would mean that the monopoly of the super powers would come to an end and Muslim countries would be able to use modern technology for both development and military purposes. This explains why Israel destroyed the nuclear centers in Iraq and why the Soviet representative in the United Nations congratulated Israel even though Iraq and the Soviet Union have been allies in the past. This is also the case for Pakistan. Despite repeated assurances given by Pakistani rulers, the United States is not prepared to believe our statements. Almost every day there is propaganda against Pakistan's nuclear preparations in the United States; because of these allegations and despite an agreement with Pakistan, economic and military aid remained

suspended for several months. Observers of international atomic energy agencies have testified in reports submitted after visiting Pakistan's nuclear establishments on dozens of occasions that they did not find any indications which could prove that Pakistan was engaged in the manufacture of nuclear weapons. In sharp contrast to this, India, which neither permitted its nuclear installations to be inspected nor signed the atomic proliferation accord, will be receiving sophisticated computers from the United States which help in the manufacture of atomic weapons. The Soviet Union has already provided India with nuclear powered submarines. The actions taken by both the Soviet Union and the United States prove that they do not wish to see any Muslim country making progress in the field of nuclear technology. The above-mentioned report, stated that according to the British newspaper, STREET JOURNAL, the United States Government is seriously considering an attack on Kahuta.

During the last days of the Indian ruler, Indira Gandhi, the possibility of an Indian attack on Pakistan was expressed with great vehemence. According to some international news sources, India attempted to stage an air attack on Kahuta but they were defeated by the Pakistani air force. Some international news sources said that if Mrs Gandhi had lived a few months more, she would have decided to attack Pakistan making war between the two countries inevitable. Currently clashes between Pakistan and India over the Siachen glacier are continuing and according to one report it is believed that military activities of the Siachen glacier will prove to be the beginning of commando action. Keeping in mind the upheaval raised over Pakistan's nuclear program, the anguish and criticism expressed by India, Israel, and the United States against the nuclear program, any action is possible. Pakistan should always be prepared for any action. There is no doubt that geographically the location of Kahuta is quite secure; despite the precautionary measures taken by the government for the safety of its nuclear installations, and its determination to teach the aggressors a lesson, it is the duty of the government to be fully prepared for every expected and unexpected situation. The Kahuta nuclear plant is the product of our own resources and the efforts of our scientists and engineers. It is a matter of life or death for us and, therefore, it must be protected from every potential danger.

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**Government's Inability To Solve Unemployment Problem Criticized**

46560025a Karachi AMN in Urdu 26 Feb 88 p 5

[Column: "From Juma Khan's Pen"]

[Excerpts] The Working Committee of the Unemployed Engineers which has its headquarters in Sind has been raising the concern that 1,300 engineers in Sind are unemployed. Out of these, 900 engineers belong to urban

areas. Prime Minister Mohammed Khan Junejo suddenly declared in Islamabad on 8 February that all the unemployed doctors and engineers have been provided with jobs. He made this statement while addressing a meeting of vice-chancellors and high ranking educational authorities. He also made it clear that, thus far, all the unemployed professionals were provided with jobs but that it will be difficult to find jobs for every graduating doctor and engineer every year. The unemployed have the impression from this announcement that the Working Committee had been making false propaganda and that there was not a single engineer that was without a job. Then Benazir Bhutto, the co-chairperson of People's Party, expressing concern over the unemployment of engineers demanded that they should be provided with employment and at the same time said that the People's Party would never allow any engineer to be without a job and would find better opportunities for them. Many other leaders have also issued similar statements which proves that Prime Minister Junejo was forced to lie and that the bureaucracy had deliberately damaged his reputation. After the truth of the matter was revealed, it was the duty of the prime minister to ask the department concerned for an explanation and to take strict measures against those found responsible for making false statements; so far there have been no reports about action taken against anyone. Because of the administrative setup designed by General Ziaul Haq the present rulers have to bear the whims and airs of government officials, whose jobs are considered to be stable and secure. The jobs of the ministers, as everyone

is aware, are the most insecure of all. We have government officials who after the expiration of their employment period became ministers and when their terms as ministers were completed were appointed as ambassadors; when they are not appointed to ambassadorial posts, they became chairmen of the senate, which is a political assignment. Presidents and prime ministers come and go but these officials are never deprived of their posts and they always have some sort of crown stuck on their heads.

If Prime Minister Junejo and his government had planned that all jobless engineers should be employed, then in order to protect the honor of the announcement made in the meeting of such honorable people as vice-chancellors, it is now essential to take emergency measures to provide engineers with jobs in the shortest time possible. The Working Committee of the Unemployed Engineers of Sind is prepared to provide the prime minister with a list of all genuine, jobless engineers. He can have the matter investigated and it will not be difficult to provide jobs to these unemployed engineers because we have a shortage of engineers. The biggest proof of our government's inefficiency is the lack of engineers and doctors in our country and unemployment for the few that we do have. Instead of increasing their number and taking steps to provide them with better job opportunities, our prime minister is saying that it will become difficult to provide new doctors and engineers who are graduating every year with employment. The government's mode of thinking is really regrettable.

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